



**CALIFORNIA HOUSING FINANCE AGENCY**

# Mortgage Credit Certificate (MCC) Tax Credit Program

LAST REVISED: APRIL 2012

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## Program Summary

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The CalHFA Mortgage Credit Certificate (MCC) Tax Credit program operates as a federal income tax credit, reducing the Borrowers' potential federal income tax liability. This credit, in effect creates additional net spendable income which Borrowers may use toward their monthly mortgage payment. This may enable first-time homebuyers to convert a portion (currently twenty percent [20%]) of their annual mortgage interest into a direct income tax credit on their U.S. individual income tax return for the life of their loan. The amount of the CalHFA MCC Tax Credit cannot exceed the amount of a Borrower's annual federal income tax liability. Unused portions of the credit may be carried forward for up to three (3) years.

The CalHFA MCC Tax Credit can be used with a conventional or government first mortgage loan. The first mortgage or any other associated subordinate loans cannot be financed with tax-exempt bond financing.

## Terms and Definitions

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In addition to other terms which are defined in this program handbook, the following terms are defined as follows:

"Administrator's Guidelines" means the Lender guide prepared by the Program Administrator on behalf of CalHFA that provides guidance to Participating Lenders

"CalHFA" or "Agency" means the California Housing Finance Agency

"CalHFA MCC Handbook" or "Handbook" means this instructional guide prepared by CalHFA which addresses the program eligibility criteria

"MCC" means Mortgage Credit Certificate, a document issued by the Program Administrator on behalf of CalHFA that may entitle the Holder to claim a federal income tax credit

"CalHFA-approved Lender" means Lenders approved to originate, close and sell Agency first mortgage and/or subordinate loans. A CalHFA-approved Lender may also be a MCC Participating Lender;

however not all Participating Lenders will be CalHFA-approved Lenders

"Participating Lender" or "Lender" means a Lender who meets CalHFA's definition of a Participating Lender, has met the minimum qualifications, executed the CalHFA MCC Tax Credit Lender Certification Form and CalHFA MCC Tax Credit Participation Agreement

"Program Administrator" or "Administrator" means eHousingPlus

"Issuer" means CalHFA

"Applicant" or "Borrower" means any person who applies for a MCC under the CalHFA MCC Tax Credit program, meets the criteria for an eligible Borrower as set forth in this program handbook and who is in the process of securing financing for the purchase of a primary residence

"CalHFA Tax Act" or "Tax Act" means the federal tax laws that govern the guidelines required to maintain tax-exempt status

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## Terms and Definitions (cont.)

“Tax Credit” means a deduction in the amount of taxes owed to the Internal Revenue Service

“Mortgage Interest Deduction” means a common itemized deduction that allows homeowners to deduct the interest they pay on any loan used to build, purchase or make improvement upon their residence

“MCC Holder” means Borrower(s)

“MCC Tax Credit Rate” means the current rate specified by this program handbook used for calculating the MCC Tax Credit Amount

“MCC Tax Credit Amount” means the mortgage interest multiplied by the MCC Tax Credit rate

## Term of Program

CalHFA MCC Tax Credit Certificates can only be issued on eligible loans closed between 05/07/2012 – 12/31/2013

## Eligibility

### **Participating Lender Eligibility for the CalHFA MCC Tax Credit program**

All current CalHFA-approved Lenders are eligible to participate once they have executed a CalHFA MCC Tax Credit Participation Agreement

Lenders that are not currently CalHFA-approved may participate in this program if they meet the minimum qualifications and execute the following documents:

- CalHFA Mortgage Credit Certificate (MCC) Tax Credit Lender Certification Form
- CalHFA MCC Tax Credit Participation Agreement

The CalHFA MCC Tax Credit Lender Qualifications, the Lender Certification and the Participating Agreement can be found on the CalHFA web site at

[www.calhfa.ca.gov](http://www.calhfa.ca.gov)

### **Borrower Eligibility Requirements**

- Each CalHFA MCC Tax Credit Applicant must be a U.S. citizen, permanent resident alien or qualified alien
- All CalHFA MCC Tax Credit Applicants must meet the credit, income and loan requirements of CalHFA MCC Tax Credit program handbook, the Lender, and the mortgage insurer/guarantor
- All Applicants must be first-time homebuyers
  - › Exception to first-time home-buyer requirements:
    - » Home is located in a federally designated targeted area
    - » Qualified veterans pursuant to the Heroes Earning Assistance and Relief Tax Act of 2008

### **Owner Occupancy Eligibility**

- All CalHFA MCC Tax Credit Applicants must occupy the property as their primary residence within sixty (60) days of closing

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## Eligibility (cont.)

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- Property must be owner-occupied for the term of the loan or until the property is sold

### Federally Designated Targeted Areas

Borrowers purchasing a home located in a federally designated targeted area are not required to be first-time homebuyers

- [To assist you in finding maps of federally designated targeted areas within each county](#), click on the census tract codes to view a map of each federally designated targeted area
- If you have a street address, you can find the census tract number in which the property is located to compare with the list above by visiting [FFIEC web site](#)

### Definition of First-Time Homebuyer

For CalHFA purposes a first-time homebuyer is defined as a Borrower who has not had an ownership interest in any principal residence during the previous three (3) years

### Property Requirements

- Sales price of the home cannot exceed CalHFA's sales price limits established for the county in which the property is located
- Property must be a single-family, one-unit residence, including approved condominium. Properties having a guest house, "granny" units, "in-law" quarters, and/or separate units containing kitchen facilities are not eligible
- Property must meet the requirements of CalHFA, the Lender and the mortgage insurer/guarantor

### Eligible Counties:

The CalHFA MCC Tax Credit is available in various cities and counties within the state of California. Please refer to the following MCC Resource Database for details

CalHFA is partnering with local counties to ensure all qualified Californians have access to a Mortgage Credit Certificate (MCC). Participating Lenders should contact the MCC Provider listed for each county for approval processes and MCC information. The CalHFA MCC Tax Credit is available in all areas not currently covered by a CalHFA partnering county and will be available in all counties when funds in that county are no longer available.

County	Location	MCC Provider
Alameda	Entire County (except Piedmont)	<a href="#">Alameda County</a>
	Piedmont	CalHFA
Alpine	Entire County	CalHFA
Amador	Entire County	CalHFA
Butte	Entire County	CalHFA
Calaveras	Entire County	CalHFA
Colusa	Entire County	CalHFA
Contra Costa	Entire County	<a href="#">Contra Costa County</a>
Del Norte	Entire County	CalHFA
El Dorado	Entire County	CalHFA
Fresno	Entire County	CalHFA
Glenn	Entire County	CalHFA
Humboldt	Entire County	CalHFA
Imperial	Entire County	CalHFA
Inyo	Entire County	CalHFA
Kern	Entire County	CalHFA
Kings	Entire County	CalHFA
Lake	Entire County	CalHFA
Lassen	Entire County	CalHFA
Los Angeles	Unincorporated areas of Los Angeles County including city of Alhambra, Artesia, Avalon, Azusa, Baldwin Park, Bell Gardens, Bellflower, Burbank, Carson, Claremont, Commerce, Compton, Covina, Cudahy, Culver City, Diamond Bar, Downey, Duarte, El Monte, Gardena, Glendale, Glendora, Hawaiian Gardens, Hawthorne, Huntington Park, Inglewood, Irwindale, La Mirada, La Verne, Lakewood, Lancaster, Lawndale, Lomita, Long Beach, Lynwood, Monrovia, Montebello, Monterey Park, Norwalk, Palmdale, Paramount, Pasadena, Pico Rivera, Pomona, Rancho Palos Verdes, San Dimas, San Fernando, Santa Clarita, Santa Fe Springs, Signal Hill, South El Monte, South Gate, West Covina, West Hollywood, and Whittier	<a href="#">Community Development Commission for the County of Los Angeles</a>
	City of Los Angeles Only	<a href="#">City of Los Angeles</a>
	All non-unincorporated areas of Los Angeles County (excluding the City of Los Angeles and areas covered by the Community Development Commission for the County of Los Angeles).	CalHFA
Madera	Entire County	CalHFA
Marin	Entire County	<a href="#">Marin County Community Development Agency</a>
Mariposa	Entire County	CalHFA
Mendocino	Entire County	CalHFA
Merced	Entire County	CalHFA
Modoc	Entire County	CalHFA



## MCC Resource Database CalHFA

County	Location	MCC Provider
Mono	Entire County	CalHFA
Monterey	Entire County	CalHFA
Napa	Entire County	CalHFA
Nevada	Entire County	CalHFA
Orange	Entire County	<a href="#">County of Orange</a>
Placer	Entire County	CalHFA
Plumas	Entire County	CalHFA
Riverside	Entire County (excluding Desert Hot Springs, Indian Wells, Jurupa Valley, Menifee, and Rancho Mirage)	<a href="#">Riverside County</a>
	Desert Hot Springs, Indian Wells, Jurupa Valley, Menifee and Rancho Mirage	CalHFA
Sacramento	Entire County	<a href="#">Sacramento Housing &amp; Redevelopment Agency</a>
San Benito	Entire County	CalHFA
San Bernardino	Entire County	CalHFA
San Diego	City of San Diego	<a href="#">San Diego Housing Commission</a>
	City of Oceanside	<a href="#">City of Oceanside</a>
	Entire County (excluding La Mesa, Solana Beach, Del Mar, City of San Diego and Oceanside)	<a href="#">San Diego County</a>
	La Mesa, Solana Beach and Del Mar	CalHFA
San Francisco	Entire County	<a href="#">City &amp; County of San Francisco Mayor's Office of Housing</a>
San Joaquin	Entire County	CalHFA
San Luis Obispo	Entire County	CalHFA
San Mateo	Entire County	<a href="#">San Mateo County</a>
Santa Barbara	Entire County	<a href="#">Housing Authority of the County of Santa Barbara</a>
Santa Clara	Entire County (Excluding Monte Sereno, Los Altos, Los Altos Hills, and Saratoga)	<a href="#">Santa Clara County</a>
	Monte Sereno, Los Altos, Los Altos Hills and Saratoga	CalHFA
Santa Cruz	Entire County	<a href="#">Housing Authority of the County of Santa Cruz</a>
Shasta	Entire County	CalHFA
Sierra	Entire County	CalHFA
Siskiyou	Entire County	CalHFA
Solano	Entire County (Excluding the City of Vacaville)	<a href="#">City of Fairfield</a>
	City of Vacaville	CalHFA
Sonoma	Entire County	Please contact: Fred Consulting Associate at 415-898-1750
Stanislaus	Entire County	CalHFA
Sutter	Entire County	CalHFA
Tehama	Entire County	CalHFA
Trinity	Entire County	CalHFA
Tulare	Entire County	CalHFA
Tuolumne	Entire County	CalHFA
Ventura	Entire County	<a href="#">Ventura County</a>
Yolo	Entire County	CalHFA
Yuba	Entire County	CalHFA

# HOMEOWNERSHIP PROGRAM SALES PRICE LIMITS

Effective 6/30/2011

County	NEW CONSTRUCTION		RESALE	
	Non-Targeted	Targeted	Non-Targeted	Targeted
Alameda	665,088	812,885	665,088	812,885
Alpine	498,987	None	498,987	None
Amador	404,430	None	404,430	None
Butte	364,556	445,569	364,556	445,569
Calaveras	421,518	None	421,518	None
Colusa	362,278	None	362,278	None
Contra Costa	665,088	812,885	665,088	812,885
Del Norte	283,671	None	283,671	None
El Dorado	528,607	None	528,607	None
Fresno	347,468	424,683	347,468	424,683
Glenn	262,025	None	262,025	None
Humboldt	358,860	438,607	358,860	438,607
Imperial	296,202	362,025	296,202	362,025
Inyo	398,734	None	398,734	None
Kern	336,076	410,759	336,076	410,759
Kings	296,202	362,025	296,202	362,025
Lake	365,696	446,961	365,696	446,961
Lassen	259,747	None	259,747	None
Los Angeles	665,088	812,885	665,088	812,885
Madera	387,342	473,418	387,342	473,418
Marin	665,088	None	665,088	None
Mariposa	375,949	None	375,949	None
Mendocino	467,088	570,885	467,088	570,885
Merced	430,632	526,329	430,632	526,329
Modoc	247,032	None	247,032	None
Mono	482,126	None	482,126	None
Monterey	665,088	812,885	665,088	812,885
Napa	665,088	None	665,088	None
Nevada	512,658	None	512,658	None
Orange	665,088	812,885	665,088	812,885
Placer	528,607	None	528,607	None
Plumas	373,671	None	373,671	None
Riverside	455,696	556,961	455,696	556,961
Sacramento	528,607	646,076	528,607	646,076
San Benito	665,088	None	665,088	None
San Bernardino	455,696	556,961	455,696	556,961
San Diego	635,696	776,961	635,696	776,961
San Francisco	665,088	812,885	665,088	812,885
San Joaquin	445,443	544,430	445,443	544,430
San Luis Obispo	626,582	765,823	626,582	765,823
San Mateo	665,088	None	665,088	None
Santa Barbara	665,088	812,885	665,088	812,885
Santa Clara	665,088	812,885	665,088	812,885
Santa Cruz	665,088	None	665,088	None
Shasta	386,202	472,025	386,202	472,025
Sierra	277,747	None	277,747	None
Siskiyou	267,721	327,214	267,721	327,214
Solano	508,101	None	508,101	None
Sonoma	603,797	None	603,797	None
Stanislaus	386,202	472,025	386,202	472,025
Sutter	387,342	473,418	387,342	473,418
Tehama	284,810	None	284,810	None
Trinity	247,032	301,929	247,032	301,929
Tulare	296,202	362,025	296,202	362,025
Tuolumne	398,734	None	398,734	None
Ventura	665,088	812,885	665,088	812,885
Yolo	528,607	646,076	528,607	646,076
Yuba	387,342	473,418	387,342	473,418

Counties with "None" are counties with no federally designated-qualified census tracts in them.

## Underwriting & Compliance

### Transaction Type

Purchase transactions only

### Term

The term of the CalHFA MCC Tax Credit matches the term of the first mortgage; however, the CalHFA MCC Tax Credit will expire on the date the first mortgage loan is paid in full or refinanced and is revoked on the date the residence ceases to be the Applicants' primary residence

### LTV and CLTV

Follow the applicable underwriting guidelines of the Lender and mortgage insurer/guarantor

### MCC Tax Credit Rate

The CalHFA MCC Tax Credit Rate is currently twenty percent (20%). The annual mortgage interest times 20% is the amount of the tax credit available to the Borrower(s) for income tax purposes. The amount of the tax credit may not exceed the Applicants' total tax liability for a specified year; however any excess MCC credit exceeding the Applicant's total tax liability for a given year may be carried forward for up to three (3) subsequent tax years. Lender should advise Borrower(s) to seek advice from their qualified tax preparer

#### Example of the Federal Tax Credit advantage of a MCC

Loan Amount	\$ 200,000
Mortgage Rate	<u>5.00%</u>
First year's mortgage interest	\$ 10,000
MCC Credit Rate	<u>20%</u>
MCC Tax Credit amount	\$ 2,000

	<u>No MCC</u>	<u>With MCC</u>
Taxable Income	\$50,000	\$50,000
Mortgage interest deduction	<u>\$10,000</u>	<u>\$ 8,000 *</u>
Taxable Income	\$40,000	\$42,000
Federal tax liability @ 15%	\$ 6,000	\$ 6,300
Subtract MCC amount	<u>N.A.</u>	<u>\$ 2,000</u>
Net Taxes Owed	\$ 6,000	\$ 4,300
Annual tax savings due to MCC credit		\$ 1,700

\* \$10,000 of mortgage interest minus \$2,000 MCC Tax Credit amount equals \$8,000 mortgage interest deduction

*(continued on next page)*

## Underwriting & Compliance (cont.)

### Income Requirements

Lenders are required to calculate income to qualify Borrower(s) for the MCC Tax Credit program approval using investor guidelines. The Lender's underwriter must certify the Borrower's income pursuant to Federal Tax Law compliance requirements

#### QUALIFYING INCOME

Qualifying income is the income used by the Lender to determine that the Borrower(s) have the ability to meet their monthly payment obligation. The Lender will continue to adhere to the requirements of their internal underwriting guidelines, mortgage insurer, and this program handbook. This income may differ from the income used by the Administrator to determine compliance with Federal Tax Law. Program compliance income must include income from all sources even if it is not used as qualifying income. A definition of program compliance income is below

#### PROGRAM COMPLIANCE INCOME

The income of all Borrowers cannot exceed the published CalHFA MCC Tax Credit income limits established for the county in which the property is located

When multiple CalHFA loan programs are used in combination, the most restrictive income limits will apply

CalHFA will calculate family income for CalHFA MCC Tax Credit eligibility. "Family income" is defined as the annualized gross income of a mortgagor, and any other person who will be liable on the mortgage, be vested on title, and live in the residence being financed

Due to federal regulations, CalHFA is required to compile all information regarding Borrower's income

#### FAMILY INCOME INCLUDES:

Gross Pay	Pensions
Overtime	Veterans Administration (VA) compensation
Bonuses	Active Duty Military Housing Allowance
Commissions	Gross rental or leased income
Part-time employment	Deferred income
Dividends	Welfare payments
Interest	Social Security benefits
Annuities	Disability payments
Child support payments	Spousal support
Human assistance / service	Sick pay
Business & investments from all sources (both taxable and non-taxable)	Unemployment compensation
	Any regularly occurring additional income including but not limited to earnings

#### FAMILY INCOME EXCLUDES:

- Gifts – casual, sporadic or irregular
- Lump sum additions to household assets, such as inheritances, insurance settlement, capital gains, student financial assistance, settlements for personal or property losses

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## Underwriting & Compliance (cont.)

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- Education scholarships paid directly to the student
- Foster child care payments, adoption assistance payments if not used to credit qualify for the loan
- Income from employment of any one not on title
- Food stamps
- In addition, the first mortgage and any associated subordinate loans must follow the these requirements:
  - › Cannot be financed with tax exempt mortgage revenue bonds
  - › Verification of employment and other supporting documentation regarding income such as paycheck stubs cannot be more than sixty (60) days old as of the first mortgage note date

### Underwriting

- Lenders should follow the applicable underwriting guidelines of the Lender and mortgage insurer/guarantor

# MORTGAGE CREDIT CERTIFICATE (MCC) TAX CREDIT PROGRAM



## 2012 CalHFA MCC Tax Credit Income Limits (without High-Housing-Cost Adjustment)

**Effective date: April 17, 2012**

County	Non-Targeted Area		Targeted Area	
	1-2 Persons	3+ Persons	1-2 Persons	3+ Persons
ALAMEDA	\$93,500	\$107,525	\$112,200	\$130,900
ALPINE	\$74,100	\$85,215	\$88,920	\$103,740
AMADOR	\$71,400	\$82,110	\$85,680	\$99,960
BUTTE	\$71,400	\$82,110	\$85,680	\$99,960
CALAVERAS	\$71,400	\$82,110	\$85,680	\$99,960
COLUSA	\$71,400	\$82,110	\$85,680	\$99,960
CONTRA COSTA	\$93,500	\$107,525	\$112,200	\$130,900
DEL NORTE	\$71,400	\$82,110	\$85,680	\$99,960
EL DORADO	\$76,100	\$87,515	\$91,320	\$106,540
FRESNO	\$71,400	\$82,110	\$85,680	\$99,960
GLENN	\$71,400	\$82,110	\$85,680	\$99,960
HUMBOLDT	\$71,400	\$82,110	\$85,680	\$99,960
IMPERIAL	\$71,400	\$82,110	\$85,680	\$99,960
INYO	\$71,400	\$82,110	\$85,680	\$99,960
KERN	\$71,400	\$82,110	\$85,680	\$99,960
KINGS	\$71,400	\$82,110	\$85,680	\$99,960
LAKE	\$71,400	\$82,110	\$85,680	\$99,960
LASSEN	\$71,400	\$82,110	\$85,680	\$99,960
LOS ANGELES	\$84,300	\$96,945	\$101,160	\$118,020
MADERA	\$71,400	\$82,110	\$85,680	\$99,960
MARIN	\$111,000	\$127,650	\$133,200	\$155,400
MARIPOSA	\$71,400	\$82,110	\$85,680	\$99,960
MENDOCINO	\$71,400	\$82,110	\$85,680	\$99,960
MERCED	\$71,400	\$82,110	\$85,680	\$99,960
MODOC	\$71,400	\$82,110	\$85,680	\$99,960
MONO	\$74,600	\$85,790	\$89,520	\$104,440
MONTEREY	\$71,400	\$82,110	\$85,680	\$99,960
NAPA	\$86,100	\$99,015	\$103,320	\$120,540
NEVADA	\$72,600	\$83,490	\$87,120	\$101,640
ORANGE	\$96,300	\$110,745	\$115,560	\$134,820
PLACER	\$76,100	\$87,515	\$91,320	\$106,540
PLUMAS	\$71,400	\$82,110	\$85,680	\$99,960
RIVERSIDE	\$71,400	\$82,110	\$85,680	\$99,960
SACRAMENTO	\$76,100	\$87,515	\$91,320	\$106,540
SAN BENITO	\$79,300	\$91,195	\$95,160	\$111,020
SAN BERNARDINO	\$71,400	\$82,110	\$85,680	\$99,960
SAN DIEGO	\$80,300	\$92,345	\$96,360	\$112,420
SAN FRANCISCO	\$111,000	\$127,650	\$133,200	\$155,400
SAN JOAQUIN	\$71,400	\$82,110	\$85,680	\$99,960
SAN LUIS OBISPO	\$75,400	\$86,710	\$90,480	\$105,560
SAN MATEO	\$111,000	\$127,650	\$133,200	\$155,400
SANTA BARBARA	\$75,900	\$87,285	\$91,080	\$106,260
SANTA CLARA	\$105,000	\$120,750	\$126,000	\$147,000
SANTA CRUZ	\$95,800	\$110,170	\$114,960	\$134,120
SHASTA	\$71,400	\$82,110	\$85,680	\$99,960
SIERRA	\$71,400	\$82,110	\$85,680	\$99,960
SISKIYOU	\$71,400	\$82,110	\$85,680	\$99,960
SOLANO	\$82,600	\$94,990	\$99,120	\$115,640
SONOMA	\$82,600	\$94,990	\$99,120	\$115,640
STANISLAUS	\$71,400	\$82,110	\$85,680	\$99,960
SUTTER	\$71,400	\$82,110	\$85,680	\$99,960
TEHAMA	\$71,400	\$82,110	\$85,680	\$99,960
TRINITY	\$71,400	\$82,110	\$85,680	\$99,960
TULARE	\$71,400	\$82,110	\$85,680	\$99,960
TUOLUMNE	\$71,400	\$82,110	\$85,680	\$99,960
VENTURA	\$89,300	\$102,695	\$107,160	\$125,020
YOLO	\$76,900	\$88,435	\$92,280	\$107,660
YUBA	\$71,400	\$82,110	\$85,680	\$99,960

## Subordinate Financing

All CalHFA subordinate financing must be submitted under separate cover, and may require additional documentation

### CalHFA Subordinate Financing

This program may be layered with the following down payment and/or closing cost assistance financing option, when available:

- The California Homebuyer's Downpayment Assistance Program (CHDAP) can be used for closing cost or down payment assistance
  - › CHDAP is available for first-time homebuyers only, no exceptions.
  - › For full CHDAP underwriting guidelines and details see the [CHDAP Program Handbook](#)
    - » Lenders submit CHDAP loans directly to CalHFA

- » CalHFA will issue a Conditional Approval once loan has been reviewed as satisfactory
- » Upon Conditional Approval, Lenders may reserve the MCC applications on the Administrator's system and/or update the CHDAP amount as the "additional loan amount"
- » All questions about CHDAP eligibility should be addressed directly with CalHFA

### Non-CalHFA Subordinate Financing

This program may be layered with both locality subordinate financing, and or private subordinate liens as long as it meets the requirements of the applicable underwriting guidelines of the Lender and mortgage insurer/guarantor

## Program Administrator

### Program Administrator

CalHFA has elected to retain the services of eHousingPlus as Program Administrator for the CalHFA MCC Tax Credit program

shippers must all be trained on the HDS Program Administrator's system and the CalHFA MCC Tax Credit program

### Lender Training

- Lenders must complete training prior to requesting access to the HDS Single Family Management Web System (Program Administrator's system). Lenders must be trained before reserving and closing an application under the CalHFA MCC Tax Credit program
- Loan officers, processors, underwriters, closers, post closers, and

- Training is available via "live" webinar or online "FLEX" training

### How to obtain your CalHFA MCC Tax Credit user ID and password with eHousingPlus

eHousingPlus is the Administrator of this program. Lenders are given program management tools via internet access, after completing the required training. The Administrator will provide a reservation, tracking, and reporting system and

*(continued on next page)*



## Program Administrator (cont.)

a web site which will include the CalHFA MCC Tax Credit Program Handbook, Administrator's guidelines, program forms and other relevant information

In order to use the system, Lenders must have:

- Access to the internet and email (Lenders are encouraged to provide the eHousingPlus website URL to their IT Departments to ensure the website is accessible, and email is white-listed)
- A supported internet browser (currently IE 8 and IE 9 only)
- Adobe Acrobat Reader
- A corporate email account to receive exceptions and program notices
- A user name and password, issued by Program Administrator after training is completed

To secure a user ID and password, Lenders should go to the [Administrator's web site](#),

click on the "Request User ID" link, complete the online form and click "Send"

- Note only CalHFA-approved Participating Lenders will be allowed to obtain a user ID and password
- Lenders will receive Technical Assistance with the use of the system from Program Administrator staff at no additional cost
- The online form must be completed in full with all data including user contact information
- The Lender should obtain a user ID and password for the following Lender personnel:
  - › Loan officers, processors, underwriters, closers, post closers, and shippers
  - › Underwriters have *special* security access; the certification element of the application is strictly limited to the Lender's underwriter only. Other Lender staff will not have access to this feature

## Processing Procedures

### Loan Origination and MCC Application:

- The Applicant applies for a loan with a Lender
- Lender determines if the Applicant is a possible candidate for a CalHFA MCC Tax Credit based on income, acquisition cost, prior ownership and tax liability
- Buyer and seller sign and execute purchase and sale agreement

- Lender gives the Applicant a CalHFA MCC Tax Credit "Notice to Borrowers of Potential Recapture Tax" form that explains the program and contains consumer information

### MCC Combined with a CHDAP

- Lender will determine if the Applicant is also a possible candidate for the California Homebuyer's Downpayment Assistance Program (CHDAP)

(continued on next page)



## Processing Procedures (cont.)

- Lender will reserve the loan on CalHFA's Lender Access System (LAS)
- Lender submits the loan directly to CalHFA
- Once the CHDAP is Conditionally Approved, CalHFA will supply Lender with a Conditional Approval
- Lender must submit a copy of the Conditional Approval to Program Administrator with the MCC closing packet

### **Reserving CalHFA MCC Tax Credit Applications online**

- Follow the link to eHousingPlus at [www.CalHFA.ca.gov](http://www.CalHFA.ca.gov); or
- Access the web site directly at [www.eHousingPlus/CalHFA](http://www.eHousingPlus/CalHFA)
- Access the system which allows Lenders to reserve applications, track allocations, manage the Lender pipeline, find posted exceptions and review and print reports
- Lender signs in the system using their secure user I.D. and password
- Complete all screens and print the online confirmation which includes the MCC reservation number
- If CHDAP is approved, Lender enters the "additional mortgage" information utilizing the Conditionally Approved CHDAP loan amount
- The MCC reservation number must be used on all MCC documents

### **Lender Loan Processing / Changes to the loan before Loan Approval**

- Lender processes the first mortgage loan in accordance to its own loan approval standards and applicable Fannie Mae, Freddie Mac, FHA, VA, USDA and private mortgage insurance standards and underwriting guidelines
- Lender confirms that the data on the CalHFA MCC Tax Credit Reservation Confirmation is correct. Changes may be made to the income, sale price, and property address and other information by utilizing the Edit/Loan feature (see Underwriter Certification below).
- The system will check the data against program parameters and limits
- If any changes are not within the allowable income or sales price limits of the program, the system will post an error and will not let the change update the loan file

### **Lender Underwriter Approval and Online Underwriter Certification Screen**

- Loan is approved by Lender's underwriter following the applicable conventional, and/or government insured/guaranteed first mortgage underwriting guidelines and this program handbook
- Lender's Underwriter ensures that the submitted loan has met the CalHFA program requirements
- Lender's underwriter submits the online "Underwriter Certification" and certifies that all income has

*(continued on next page)*

## Processing Procedures (cont.)

been reviewed using the Federal Tax Law requirement of CalHFA and the CalHFA MCC Tax Credit Program Handbook

- › Once a loan has been “Underwriter Certified” it cannot be changed by the Lender on line
- › Any additional changes can only be made by the Administrator’s compliance staff and may be subject to additional steps

### **Loan Closing and Submission of Final CalHFA MCC Tax Credit Documents**

Lender closes first mortgage loan using the normal process with the Applicant. Within ten (10) days of loan closing, Lender will submit an MCC compliance packet which will contain the required document listed in the CalHFA MCC Tax Credit Closing Packet Checklist. These are detailed further in this handbook:

The Administrator will review income of Applicants not utilizing the CalHFA CHDAP loan. The Administrator has provided Lenders with an income worksheet form and a summary form, the Lenders must complete a separate income worksheet form for each Borrower. The worksheet requires that documentation be attached to the individual worksheet as supporting documentation. Whether there are one or more Applicant(s), Lenders shall also complete a worksheet summary for each loan. All Borrowers are required to sign the worksheet summary at closing. This indicates that they have reviewed the information provided by the Lenders and agree that it is true and correct at closing

Listed below, is a list of documentation which are included in the CalHFA MCC Tax Credit Closing Packet Checklist:

- CalHFA Conditional Approval for CHDAP\*
- CalHFA MCC Tax Credit Seller Affidavit
- Notice to Borrowers of Potential Recapture Tax
- CalHFA MCC Tax Credit Borrower Affidavit
- Statement of Citizenship, Alienage, & Immigration Status for State Public Benefits
- Lender Verification of Citizenship / Qualified Alien Status
- CalHFA Compliance Income Review Worksheet, with attachments
  - › Verification of Employment, Pay Stub for 30-day period and most recent W-2 form
- Fully executed purchase contract and all addendums
- Copy of Final HUD-1 Settlement statement (HUD-1)
- Copy of Final Loan Application for all Borrower(s) (1003)
- Copy of fully executed tax returns for each Applicant covering the most recent three (3) year period
- Borrower completed IRS 4506 with #5 blank
- MCC Fee \$350 payable to eHousingPlus (corporate / cashier check)

*(continued on next page)*

## Processing Procedures (cont.)

\* Only required for loans receiving CHDAP

### Additional Documents, when applicable:

- Copy of DD214 or discharge papers showing honorably discharged if a Qualified Veteran (only required if Qualified Veteran is not a first-time homebuyer)
- CalHFA MCC Tax Credit Certification of No Income (only required when any person on title is not claiming any income)
- CalHFA MCC Tax Credit Tax Return Affidavit (only required when any person on title does not file Income Tax Returns)

Use the CalHFA MCC Tax Credit Checklist to ensure you are submitting a complete and accurate package and reference the MCC reservation number on all documents. All final Closing Packets for MCC Application and documents should be submitted to Administrator at:

eHousingPlus  
3050 Universal Boulevard  
Suite 190  
Weston, FL 33331

### CalHFA MCC Tax Credit Processing Time Frame

- CalHFA MCC Tax Credit applications may be reserved at any time prior to first mortgage closing
- Maximum time frame is ninety (90) days from date of reservation to MCC approval
  - › The first mortgage loan file must be processed, approved, closed and the MCC application

must be underwriter certified, delivered and MCC issued. No extensions will be granted

- › Lender has ten (10) days to deliver closing packet to Administrator once the first mortgage has closed and all exceptions must be cleared within the ninety (90) day period
- MCC applications not meeting the deadlines will be automatically cancelled and all collected fees will be forfeited. Lenders should review their pipeline reports on a continuous basis
- Cancelled MCC applications that have not closed are eligible for re-reservation and are subject to current availability and eligibility requirements

From	To	Number of Days
CalHFA MCC Tax Credit reservation	MCC Approval	90 days
Loan closing	Compliance file delivered to Administrator	no more than 10 days after loan closing

### Fees

Submit the following fees with closing documents to Administrator:

- \$350 CalHFA MCC Tax Credit issuance fee
  - › Corporate checks or money orders are acceptable
  - › All corporate checks and/or money orders must include the following:

*(continued on next page)*

## Processing Procedures (cont.)

- » Borrower name(s)
- » Property address
- » CalHFA MCC Tax Credit reservation number
- › The CalHFA MCC Tax Credit issuance fee may be paid by the Applicant, the seller or the Lender; but may not be financed
- Maximum \$75 Lender document handling fee may be paid by the Applicant, the seller or waived by the Lender
- Lenders are permitted to charge their usual, customary and reasonable fees charged to other buyers of similar first mortgage loans without a MCC attached
- Income documents will be reviewed to determine that all Borrower(s) are within CalHFA posted income limits
- Loan deficiencies are immediately posted on line, post file review. Lender Post Closing staff will need system access to monitor Exceptions, and take the necessary steps to satisfy them
- Administrator will also send Lenders an email to advise of any exceptions in the closing packet
- Lender can easily monitor their pipeline via the Administrator's system, and check for status updates at any time
- All exceptions must be cleared in order for the CalHFA MCC Tax Credit Certificate to be issued
- Excessive file deficiencies and/or delays in clearing them may cause loan file to be cancelled. An extension or reinstatement fee will apply if loan is reinstated after allowable time, only will only be reinstate if there are funds available in the program

### Closing Document Review / Exceptions

- All closing packets will be reviewed on a first-come, first-served basis
- Administrator will review all CalHFA MCC Tax Credit Affidavits and other documents to determine whether or not they have been completed in accordance with this program handbook and properly executed

## Issuance of MCC

Once the CalHFA MCC Tax Credit closing documents and all fees have been received, reviewed and approved by the Administrator, the original MCC Certificate and Final Recapture Notice will be issued and mailed via U.S. Postal Service to the property address. The Administrator will send a copy of the MCC Certificate to the Lender

### Recapture

If the Holder of a CalHFA MCC Tax Credit sells the home within nine (9) years after issuance of the MCC Certificate, a portion of the tax credit may be subject to recapture pursuant to Section 143(m) of the Internal Revenue Code

## Miscellaneous Items

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### **MCC Application Cancellations**

The Lender should cancel the MCC application on the system. Any loan that exceeds the allowable time period will automatically be cancelled

### **Refinancing / Reissuance of a MCC**

Issuer may reissue a MCC Certificate for certain loans refinanced under Treasury Regulations § 1.25-3 if the Agency receives to its satisfaction evidence that:

- The Lender refinancing must be a CalHFA-approved Participating Lender
- MCC Reissuance Fee has been paid to Administrator
- The reissued MCC is issued to the Holder of an existing MCC with respect to the same property to which the existing MCC has been issued
- The reissued MCC entirely replaces the existing MCC
- The new mortgage indebtedness specified on the reissued MCC does not exceed the remaining outstanding balance of the mortgage indebtedness on the existing MCC
- The reissued MCC does not increase the MCC credit rate specified on the existing MCC
- The expiration date on the reissued MCC is no later than the expiration date on the existing MCC
- The reissued MCC does not result in an increase in the tax credit that

would otherwise have been allowed to the Holder under the existing MCC for any taxable year

- The Applicants must qualify for the CalHFA MCC Tax Credit based on the then current income limits and underwriting criteria
- A MCC Reissuance fee \$375 is paid to the Administrator
- The homeowner and/or it's Participating Lender may contact CalHFA to request a re-issuance of the MCC
- CalHFA staff will notify the Administrator of the homeowners' intent to re-issue
- Lender will submit required re-issuance package to the Administrator
- The Administrator will review and approve the file per CalHFA MCC Program guidelines
- Upon approval, the Administrator will send the Recapture Letter and MCC Certificate via mail to the homeowner
- The Lender will also receive a copy of the MCC Certificate

### **MCC Replacement / Lost Certificate**

Lenders should instruct their Borrower(s) to retain their certificate in a safe secure location; however in the event the certificate is lost a replacement certificate may be requested

*(continued on next page)*

## Miscellaneous Items (cont.)

- Borrowers must request the replacement MCC from the Administrator directly
- Cost of replacing the MCC is \$75
- › Date of loan, certified indebtedness amount and MCC credit rate

### Record Keeping and Federal Report Filing

- For each calendar year during which the Lender originates loans to Applicants obtaining a CalHFA MCC Tax Credit, the Lender must file an annual report using IRS form 8329. Prior to the filing deadline for such reports, Administrator will provide the Lender a complete IRS Form 8329
- For six (6) years the originating Lender must retain:
  - › Name, address and Tax Identification Number (TIN) of each MCC Holder
  - › Name, address and TIN of CalHFA

### Audit

CalHFA and/or the Administrator may perform a random case audit of Lender records

### Revocation of a MCC shall occur:

- When the residence related to the MCC ceases to be the MCC Holder's principal residence
- Upon the discovery of any material misrepresentation, whether by neglect or fraud, by any person related to the issuance of the MCC
- If at any time after issuance, any defect is discovered, and not cured within a sixty (60) day time frame from notification to either the Lender or the MCC Holder notification will be revoked
- If it is later discovered that the Holder does not meet the requirements for a CalHFA MCC Tax Credit

## Underwriters MCC Compliance Income Calculations Guide

### Wages and Salary

- Use one of the appropriate formulas for full time employment (40 hours) or employment with consistent regular hours or income to arrive at the Borrower's base pay:
  - › Monthly
    - » Monthly income x 12 months = annual income
  - › Bi-weekly
    - » Bi-weekly income x 26 = annual income
  - › Weekly
    - » Weekly income x 52 = annual income
  - › Hourly
    - » Hourly income x 40 (hours per wk) x 52 = annual income

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## Underwriters MCC Calculations Guide (cont.)

### Variable Income

When using part-time employment with variable hours (or less than forty (40) hours per week), inconsistent income or hours, overtime, bonuses and commissions, etc., calculate income by using year-to-date, plus previous year income (from the same income source/employer), divided by the number of months reviewed (up to but not exceeding twenty-four (24) month) times twelve (12) to arrive at the annual income

Income from a previous employer cannot be considered in the calculations even if the previous employer was in the same field or line of work

**Note:** When calculating variable income, take into consideration any “peak” season for overtime and/or bonus received. For example if a Borrower is employed at a tax preparation service, it is reasonable to assume that the majority of the overtime will be received within the first four months of the year. It may be a more accurate calculation to use previous years’ base income plus overtime and YTD base and overtime to make your final calculation. In the example below we are using income for 2011 plus overtime and YTD base and overtime calculated as of April 30th of the current year (4 months)

### Previous Year:

2011 Monthly Base Income:  
 $\$3000 \times 12 \text{ months} = \$36,000.00$   
 2011 Avg. Monthly Overtime:  
 $\$550 \times 12 \text{ months} = \underline{\$ 6,600.00}$   
 Annual Income:  $\$42,600.00$

### Avg. Monthly

**Income for 2011 = \$ 3,550.00**

### Current Year 1/01/2012 – 4/30/2012:

2012 Monthly Base Income:  
 $\$3000 = \$12,000.00$   
 2012 YTD Overtime:  
 $\$5,000 (4 \text{ months}) = \underline{\$ 5,000.00}$   
 Annual Income:  $\$17,000.00$

### 2012 YTD Avg.

**Monthly Income = \$ 4,250.00**

### Eligible Income:

Overtime for 2011 =  $\$ 6,600.00$   
 YTD Monthly Overtime  
 for 2012 (4mos) =  $\underline{\$ 1,250.00}$

**16 Months Overtime Total: \$ 7,850.00**

$\$7,850 \text{ divided}$   
 $\text{by } 16 \text{ months} = \$ 490.63$

Monthly Base Income:  $\$ 3,000.00$   
 2011 Plus YTD  
 Overtime Mo. Avg.:  $\underline{\$ 490.63}$   
**CalHFA Eligibility Income = \$ 3,490.63**

*(continued on next page)*

## Underwriters MCC Calculations Guide (cont.)

### Self-Employed / Schedule C Borrower(s)

A self-employed Borrower can also be considered to have variable income. Gross annual income calculations will be based on the previous year's net income shown on Schedule C of the previous year's federal income tax return *plus* net income before taxes, from the Borrower's signed, year-to-date Profit and Loss Statement, divided by the appropriate number of months (up to but not exceeding twenty-four (24) months) times twelve (12) to arrive at the annual income. For CalHFA purposes, the year-to-date Profit and Loss Statement does not need to be audited

In addition, any loss from self-employment may not be used to offset income derived from another source of income by the Borrower or co-borrower

I.R.S. Form 2106 unreimbursed business expenses cannot be deducted from gross income

### Child support and/or spousal support payments received by an Applicant

If payment is not received consistently in either of these two situations, use the actual amounts received for the past twelve (12) months to determine the average monthly amount received. Calculations cannot exceed a twenty-four (24) month period. The

likelihood of continuance does not negate use of this income. For example: if the Borrower receives an average of \$1,200 monthly with only 4 months remaining, the total amount of \$4,800 is prorated to arrive of an average of \$400 monthly

\$1200 multiplied by 4 months = \$4,800  
\$4800 divided by 12 months = \$400  
mo/average

Note: If a Borrower is entitled to receive compensation, but does not, CalHFA will not count their entitlement in the income calculation. The Borrower must sign an affidavit to certify the fact of non-receipt

Also, if it is evident that minor children reside in the home with a single parent or if it is evident children may be from a previous marriage or relationship, an inquiry regarding receipt of child support is necessary. CalHFA must determine income from all sources according to Tax Act; the Lender will not be violating any Equal Credit Opportunity Act (ECOA) laws with their inquiries of the Borrower. Ask both fathers and mothers

### Foster Care/Adoption

Foster child care payments or adoption assistance payments will be used for Program Compliance purposes only if it is used by the Lender for qualifying income

## Frequently Asked Questions (FAQs)

### What is a Mortgage Credit Certificate?

A Mortgage Credit Certificate (MCC) is a means of providing affordability assistance to families of low and moderate income. A MCC may reduce the

amount of federal income tax paid, giving more available income to qualify for a mortgage loan by providing more purchasing power. The MCC is available

*(continued on next page)*



## FAQs (cont.)

to homebuyers who are first-time homebuyers, are buying their principal residence, meet income and sales price limits and will occupy the home as their primary residence.

### **How does the CalHFA MCC Tax Credit work?**

The federal government allows each homeowner to claim an itemized income tax deduction for the amount of interest paid each year on your mortgage loan. The MCC program takes the mortgage interest paid and turns a portion of the interest paid into a “tax credit” while the remaining mortgage interest paid is used as a “tax deduction.” The tax deduction is subtracted from the adjusted gross income before federal income taxes are computed. Therefore, with a mortgage deduction, only a percentage of the amount deducted is realized in savings. A “tax credit” is subtracted from their total federal income tax liability, receiving a dollar-for-dollar savings. See “Example of the Federal Tax Advantage of a MCC” below.

### **Are there Borrower eligibility requirements for the CalHFA MCC Tax Credit program?**

Yes. All Borrowers must be first-time homebuyers, U.S. citizens or permanent resident aliens, select properties within the sales price limits, and have a qualifying income within the income limits for that area. A Participating Lender will determine the Borrower(s) eligibility in the program.

### **What is a Targeted Area?**

If a Borrower purchases a home within a targeted area, the Borrower does not

need to be a first-time homebuyer. A targeted area has been identified as an area where 70% of the families have an income which is 80% or less than the statewide median income.

### **Are there benefit programs for Veterans?**

If you are a qualified veteran, you are exempt from the MCC first-time homebuyer requirement. A veteran is defined as a person who served in the active military, naval or air service and was discharged or released under conditions other than dishonorable.

### **How does a Borrower obtain a MCC?**

If a Borrower believes they qualify for the CalHFA MCC Tax Credit program, they should contact any Participating Lender to determine eligibility. A Borrower can use any Participating Lender and any eligible loan product available in the market place. Lenders utilize standard mortgage loans and combine the MCC to the loan. A list of CalHFA approved Participating Lenders is available on [www.calhfa.ca.gov](http://www.calhfa.ca.gov)

### **What is the cost to the Borrower?**

The Borrower is charged a fee of \$350 at closing; this fee may be paid by the Borrower, the seller or the Lender.

### **What is the amount of MCC benefit to the homeowner?**

The amount of tax credit depends on the amount of interest paid on the mortgage loan and the credit percentage issued. Borrowers are encouraged to consult with their Tax Professional to derive the amount of the MCC benefit

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## **FAQs (cont.)**

and whether the MCC Tax Credit will confer a benefit.

### **What happens when the MCC Credit exceeds the tax liability?**

If the amount of the MCC credit exceeds the MCC Holder's tax liability, reduced by any other personal credits for the tax year, the unused portion of the MCC credit can be carried forward to the next three (3) tax years or until used, whichever comes first. The MCC Holder is responsible for keeping track of the unused credit each year. The current year credit is applied first, and the oldest amount of unused credit applied next.

### **When does a MCC Holder receive the MCC benefit?**

The MCC Holder may receive the MCC Credit amount annually when they file their federal tax return or a pro rata amount monthly by filing a revised Form W-4 with the employer and adjusting the federal income tax withholding. By revising the Form W-4, the number of exemptions will increase, reducing the amount of taxes withheld and increasing the buyer's monthly disposable net income.

*The MCC Holder should contact his or her tax advisor or their employer to help them with the necessary tax forms and, if they so choose, to properly adjust their tax withholding.*

### **What does the homeowner have to do to claim the benefit with the IRS?**

Each year the homeowner files IRS Form 8396 with their federal income tax return. The form is available on the IRS web site at [www.irs.gov](http://www.irs.gov)

### **What is the MCC Recapture Tax?**

Borrower(s) who receive an MCC may be subject to a Recapture Tax if they sell the residence within nine (9) years. The Recapture Tax, if any, will always be the lesser of: half the gain from the sale of the home, or a tax based on a formula which takes into consideration: (1) the original principal amount of the home mortgage; (2) the number of complete years that pass before the residence is sold; (3) the median family income for the buyer's area at the time he/she bought the residence, and (4) the buyer's adjusted gross income at the time the residence is sold.

There are several conditions that can exempt the MCC Holder from the Recapture Tax. These include: (a) no net gain on the sale of the property, (b) insufficient increase in the income of the MCC Holder between the time of purchase and the time of sale, (c) sale of the home after the ninth year, and (4) a sale due to death or divorce. The homebuyer will receive detailed information on the Recapture Tax from the Participating Lender and will be asked to sign a statement at time of application that he or she is aware of the tax.

### **Who is the Program Administrator for the CalHFA MCC Tax Credit program?**

CalHFA has elected to obtain the services of eHousingPlus as Program Administrator for the CalHFA MCC Tax Credit.

### **How does a Lender become a Participating Lender?**

All current CalHFA-approved Lenders are eligible to participate once they

*(continued on next page)*

## **FAQs (cont.)**

have executed a CalHFA MCC Tax Credit Participation Agreement.

Lenders that are not currently CalHFA-approved may participate in this program if they meet the minimum qualifications and execute the following documents:

- CalHFA Mortgage Credit Certificate (MCC) Tax Credit Lender Certification Form
- CalHFA MCC Tax Credit Participation Agreement

The CalHFA MCC Tax Credit Lender qualifications, the CalHFA MCC Tax Credit Lender Certification and the CalHFA MCC Tax Credit Participating Agreement can be found on the CalHFA web site at [www.calhfa.ca.gov](http://www.calhfa.ca.gov)

### **Does the Lender need to complete training to participate in the MCC Tax Credit program?**

Yes. Lenders must complete training prior to reserving and closing an application under the CalHFA MCC Tax Credit program.

### **Who needs the training for the CalHFA MCC Tax Credit program?**

Loan officers, processors, underwriters, closers, post closers and shippers must all be trained on the HDS Single Family Management Web System (Program Administrator's system), and the CalHFA MCC Tax Credit program.

### **What type of training is required for the CalHFA MCC Tax Credit program?**

Lenders will be offered a combination of both webinar and on line Flex

training. Flex training is a web-based, self-paced tool which allows Lenders to review program criteria and steps.

### **How does a Participating Lender register a CalHFA MCC Tax Credit?**

The CalHFA MCC Tax Credits are allocated on a first-come, first-served basis. The CalHFA MCC Tax Credit may be reserved at any time prior to first mortgage closing on the Administrator's system.

### **How long is the CalHFA MCC Tax Credit reservation for?**

The first mortgage loan file must be processed, approved, closed and the MCC application must be underwriter certified, delivered and MCC issued within the ninety (90) day reservation time period.

### **What if I cannot close my mortgage before the reservation time period expires?**

MCC applications not meeting the deadlines will be automatically cancelled and all collected fees will be forfeited.

### **Can my reservation be re-reserved?**

Cancelled MCC applications that have not closed are eligible for re-reservation and are subject to current availability and eligibility requirements.

### **What types of first mortgages are eligible to participate in the CalHFA MCC Tax Credit program?**

The CalHFA MCC Tax Credit can be used with a conventional or government-insured/guaranteed first mortgage

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## FAQs (cont.)

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loans. The first mortgage must not be financed with tax-exempt bond financing.

### **Can the MCC be combined with Subordinate Financing?**

The CalHFA MCC tax credit may be layered with the following CalHFA down payment and/or closing cost assistance financing options, when available:

- California Homebuyer's Downpayment Assistance Program (CHDAP) or

- School Facility Down Payment Assistance Program (SFF)

This program may also be layered with both locality subordinate financing, and or a private subordinate lien as long as it meets the requirements of the applicable underwriting guidelines of the Lender and mortgage insurer/guarantor.



**California Housing Finance Agency (CalHFA), “Issuer”  
Mortgage Credit Certificate Program**

**NOTICE TO BORROWERS OF POTENTIAL RECAPTURE TAX**  
(To be completed by Lender and delivered to borrowers at the time of Closing of the Loan)

Because you have received Mortgage Credit Certificate (an “MCC”), pursuant to Section 143(m) of the Internal Revenue Code of 1986, you may, at the time you sell the residence for which you received an MCC, be subject to a special “recapture tax” for federal income tax purposes if you sell your house less than nine (9) years after its purchase and the issuance of the MCC. The following information is provided to assist you in determining whether you might owe a recapture tax on the sale of your home. However, you should consult your tax advisor at the time you sell the residence to determine the amount, if any, of such recapture tax you may owe.

**Name of Borrower(s):** \_\_\_\_\_  
**Principal Amount of Mortgage: \$** \_\_\_\_\_ **Date of Closing:** \_\_\_\_\_  
**Property Address:** \_\_\_\_\_  
\_\_\_\_\_

**A. INFORMATION YOU WILL NEED IN THE FUTURE**

After you close your loan, you will receive a detailed letter from the Program Administrator or one that will be provided by your lender at closing. This letter should be kept with your other mortgage documents. It contains extremely important information that you will need to determine if you must pay recapture tax.

The letter contains information that you’ll need in order to complete Form 8828 such as

1. The loan amount (the highest principal amount of the loan);
2. Closing Date;
3. Name of the Issuer of the Bonds;
4. Name of the original lender that made the loan, and
5. Chart that details data necessary to complete Form 8828.

**B. INTRODUCTION**

1. General. When you sell your home, you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose your home in some other way. Any reference in this notice to the “sale” of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.
2. Exceptions. In the following situations no recapture tax is due, and you do not need to do the calculations:
  - a. You dispose of your home after nine (9) years after you close your mortgage loan;
  - b. Your home is disposed as a result of your death;
  - c. You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under section 1041 of the Internal Revenue Code (in which case the spouse or former spouse is treated as if he or she had been the owner from the date of closing of the home mortgage);
  - d. You dispose of your home as a loss.



Remember, to owe any recapture tax, you must sell your home within nine years, make a net profit on the sale of your home AND have a significant increase in income (usually that means more than 5% per year). All three criteria must be met in order for recapture tax to be due.

### C. MAXIMUM RECAPTURE TAX

The maximum recapture tax that you may be required to pay as an addition to your federal income tax is \$ \_\_\_\_\_. [Insert the actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan]

This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

### D. ACTUAL RECAPTURE TAX

The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your recapture amount determined by multiplying the following three numbers:

1. The actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan (the maximum recapture tax as described in the paragraph C above):  
6.25% x \$ \_\_\_\_\_ = \$ \_\_\_\_\_
  2. Holding period percentage, as listed in Column 1 in the table below: \_\_\_\_\_ %
  3. The income percentage as described in Section D: \_\_\_\_\_ %
- (1) x (2) x (3) = Actual Recapture Tax: \$ \_\_\_\_\_

	Column 1	Column 2
Disposition Within # Years of Closing	Holding Period Percentage	Adjusted Qualifying Income
1	20%	Determine the borrower's household size at the time the home is sold or transferred. Then select the maximum income limit that would have applied to the household size at the time the home was purchased. This number, compounded by 5% per year from the date of purchase until the date the home is sold or transferred, is the Adjusted Qualifying Income
2	40%	
3	60%	
4	80%	
5	100%	
6	80%	
7	60%	
8	40%	
9	20%	
10 or More	No Recapture Tax	

### E. INCOME PERCENTAGE

You calculate the income percentage as follows:

1. Subtract the applicable adjusted qualifying income (Column 2 in table above) for the taxable year in which you sell your home, from your modified adjusted gross income in the taxable year in which you sell your home.

Your modified adjusted gross income means your adjusted gross income shown on your federal tax return for the taxable year in which you sell your home, with the following two adjustments: (a)





your adjusted gross income must be increased by the amount of any interest that you receive or accrue in the taxable year from tax-exempt bonds that is excluded from your gross income (under Section 103 of the Internal Revenue Code); and (b) your adjusted gross income must be decreased by the amount of any gain included in your gross income by reason of sale of your home.

2. If the amount calculated in (1) above is zero (0) or less, you owe no recapture tax and do not need to make any more calculations. If it is \$5,000 or more, your income percentage is 100%. If it is greater than zero (0) but less than \$5,000, it must be divided by \$5,000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is \$1,000/\$5,000, your income percentage is 20%.

#### **F. REFINANCING YOUR HOME**

If you refinance your home and stay in it for a full nine years, you won't pay recapture tax. Recapture kicks in when the property ceases to be your principal residence before the full nine years, and then you may owe recapture tax. If you refinance in the first full four years and the property ceases to be your principal residence before the full nine years, there is a special calculation worksheet that must be used if you must pay recapture tax. See "For More Information" on the next page and instructions for Form 8828 for more detail.

#### **G. "NET PROFIT" ON THE SALE OF YOUR HOME**

Consult your tax advisor but generally you will be considering the amount you received for the sale of your home and deducting the expenses of selling your home (i.e. commission paid to a real estate agent, advertising, legal fees, etc.). This is the "Amount Realized" from the sale of the home. From the "Amount Realized" you will subtract your "Adjusted Basis" of your interest in the home. The "Adjusted Basis" will be increased by any sales commission you paid when you bought the home and decreased by depreciation. Your tax advisor will be helpful in determining the exact amount. If the total of the "Amount Realized" minus the "Adjusted Basis" is "0" or lower, you did not realize a gain (make a profit) when you sold the home and you *DO NOT* owe recapture tax. You will still need to complete a form 8828 and send it to the IRS with your federal income tax return in the year you sell or dispose of the home.

#### **H. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX**

1. If you give away your home (other than to your spouse or former spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the nine-year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule Section 143(m)(4)(C)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 143(m) of the Internal Revenue Code generally.



**I. DISCLOSURE OF APPLICANT INFORMATION**

The borrower(s) hereby consent and agree that all information furnished by the borrower(s) to the lender, the administrator and the Issuer, including, but not limited to, non public personal and financial information (“the information”), in connection with the application for mortgage loan(s) requesting an MCC under this program, may be disclosed to any person or other third parties in connection with the processing of the borrow(s) loan application, verification of information concerning the loan or the borrower(s), and for any other purpose in furtherance of or connected with the Issuer’s program

The undersigned Borrower(s) has (have) received and read a duplicate copy of the foregoing Notice to Borrowers of Potential Recapture Tax:

Date: \_\_\_\_\_

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Borrower Signature





## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

MCC Reservation # \_\_\_\_\_

I, \_\_\_\_\_ and I, \_\_\_\_\_ “Applicant(s)”,  
have applied for a CalHFA MCC Tax Credit originated by \_\_\_\_\_, do hereby represent  
and warrant as follows:

1. Location of Residence. I am a purchaser and mortgagor of the residence which is a [ ] new [ ] existing residence and is located within the County of: \_\_\_\_\_ at \_\_\_\_\_  
a. The residence [ ] is [ ] is not in a Targeted Area.
2. Tax Credit. I am aware that a mortgage credit certificate may entitle the recipient to an income tax credit. The income tax credit can be claimed only against tax liability. If I do not have a tax liability, I may not be able to apply the income tax credit.
3. Veteran Status. The Applicant [ ] is [ ] is not a Qualified Veteran\*\*  
The Co-Applicant [ ] is [ ] is not a Qualified Veteran\*\*

\*\* “Qualified Veteran” means a person who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds or a loan which utilized a mortgage credit certificate program using the veteran’s exception to the 3-year requirement set forth in Section 143(d)(2)(D) of the Code. The Qualified Veteran must provide true and correct copies of their discharge or release papers, which demonstrate that such discharge or release was other than dishonorable.

4. Acquisition Cost. The Acquisition Cost\* of the residence as shown in the purchase contract is \$ \_\_\_\_\_. Neither (I/we) nor anyone on (my/our) behalf has made any payment other than such amount to the seller of the residence or to any other person on behalf of the seller, nor have (I/we) cancelled any debt of the seller or any related person of the seller.

(I/We) have not entered into any agreement with the seller of the home, the developer, the contractor, or any other person pursuant to which any portion of the residence has been left unfinished or any fixtures or other architectural appointments have been omitted or removed from the residence in order to reduce the Acquisition Cost, and the home as sold to (me/us) is substantially complete and contains all appropriate fixtures and other architectural appointments.

\* The term “Acquisition Cost” means the cost of acquiring a residence from the seller as a completed unit. The term does not include usual and reasonable settlement or financing costs. It does include the amount of any lien or assessment to which the home is subject.

5. Sales Price Limit For An Existing House. (I/We) understand that if this transaction was for the purchase of a new construction residence that the CalHFA approved sales price limits for existing home are in some counties of California, could be less than the CalHFA approved sales price limits for new construction. THIS COULD RESULT IN A LOWER SALES PRICE LIMIT UPON THE TRANSFER OF THE HOME MORTGAGE THAN WAS ORIGINALLY PAID FOR THE RESIDENCE. As of the date of this Affidavit, the CalHFA approved sales price limit for an EXISTING house in \_\_\_\_\_ County is \$ \_\_\_\_\_.



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

6. Principal Residence. (I/We) will occupy the residence as (my/our) principal place of residence within 60 days of issuance of the MCC, and thereafter will maintain the property as (my/our) principal residence for the duration of the first mortgage. (I/We) do not intend to, and have not entered into any arrangement to rent, sell, assign or transfer the residence. (I/We) will promptly notify Issuer of the MCC and Lender if the residence ceases to be (my/our) principal residence.
- a. (I/We) will not use more than 15% of the total area of the residence or otherwise use the residence primarily in a trade or business which qualifies (me/us) to a deduction for expenses for business use of residence under Section 280A of the Internal Revenue Code, use the residence as investment property and will not receive any income from the residence or the land being purchased with the residence, or use the residence as a recreational residence. All of the land being purchased with the home is required to maintain the basic livability of the residence, and (I/we) have no intention of subdividing such land or otherwise selling it apart from the residence.
7. Prior Ownership of a Residence. (I/We) have not had a present ownership interest\*\*\* in a principal residence, including factory made housing permanently fixed to real property, at any time during the three-year period immediately prior to the closing of the home mortgage, except that this paragraph does not apply if the home is located in a targeted area. (I/we) have attached copies of (my/our) signed federal income tax returns for such three-year period which were filed with the Internal Revenue Service. If (I/we) (was/were) not required to file such returns during one or more such preceding three years in accordance with Section 6012 of the Internal Revenue Code, (I/we) have executed the California Housing Finance Agency's Tax Return Affidavit.
- \*\*\* The term "present ownership interest" includes not only outright ownership but also any of the following interests if held either directly by you or in trust for you: a joint tenancy, a tenancy in common, a tenancy by the entirety, a community property interest, the interest of a tenant shareholder in cooperative, a life estate, or a contract pursuant to which you have possession and the benefits and burdens of ownership although legal title is not transferred until some later time and interest held in trust for you (whether or not created by you) that would be a present ownership interest if held by you.
8. New Mortgage. (I/We) will not use any part of the loan proceeds to acquire or replace an existing mortgage or loan which (I/we) have on the residence.
9. Prohibited Mortgages. (I/We) understand that no portion of the financing for acquisition of the residence is provided by a qualified mortgage or veteran's bond.
10. Income. (I/We) understand that income means the current annualized family income at the time of closing, as determined in accordance with the IRS Code. Income means the gross monthly income of all mortgagors living in the property and liable on the deed of trust/mortgage, multiplied by twelve.

Gross monthly income includes the sum of current monthly gross pay and any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, business activities or investments. In determining gross monthly income, the income of all mortgagors living on the property and liable on the deed of trust/mortgage must be taken into account.



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

Under no circumstances will the income used for MCC Tax Act compliance be less than that used by the lender when qualifying applicants for repayment of their mortgage loan (i.e., income used to calculate qualifying ratios).

The information contained in the following table is true and correct, and accurately sets forth all information relevant to make a determination of my family's income as of the date hereof and the continuation of which is probable based on foreseeable economic circumstances, and to the best of my knowledge and belief:

### COMPUTATION OF TOTAL ANNUAL INCOME

Type of Income	Applicant	Co-Applicant or Spouse	Other Co-Applicants	* Total of 3 columns to left
Total Annual Income (must include any & all types of Income earned as stated above)	\$ _____	\$ _____	\$ _____	\$ _____

\*This total cannot exceed the maximum income limits established by the CalHFA MCC Tax Credit program.

11. Family Size. (I/We) certify that the total number of members of (my/our) family, including (me/us), who will reside permanently in the residence is \_\_\_\_\_, and that the applicant(s), and only the applicant(s), (is/are) acquiring a present ownership interest in the residence.
12. Initial Notice to Mortgagor of Potential Recapture Tax - Notice is hereby given that you may be subject to a special "Recapture Tax" for federal income tax purposes, which would be imposed at the time you sell the residence for which you obtained an MCC, if you sell the residence within the first nine years. This potential tax, which is not imposed unless and until you sell your home, is based on the concept that through the MCC, the federal government has enabled you to take a tax credit of the interest you pay on your home mortgage. The amount of the potential tax increases for the first five years that you own the home and thereafter declines. No tax is imposed if you hold (do not sell) your home for a total of nine or more years. In the event you sell your home within the first nine years, a number of factors determine the amount of tax, if any, imposed at the time of the sale of the home. These include: (1) the original principal amount of the home mortgage, (2) the number of complete years that pass before you sell the home, (3) the median family income for your area at the time you bought the home, and (4) your modified, or adjusted, gross annual income at the time you sell the home. If you sell the residence more than nine years after the close of escrow, no recapture liability arises. Also, if you sell the residence during the first nine years after closing, but your income does not increase more than 5% per year during that period, you will likely not incur recapture liability. In addition, if there is no net gain on the sale of the home, no recapture liability arises. Finally, in no case will the recapture liability exceed 50% of your gain from the sale of the residence. When preparing your post-sale tax return, you should consult a tax professional regarding your calculation. After your loan closes, you will be given a second notice by the Program Administrator with a more detailed explanation of the recapture tax and certain additional information that will be needed to calculate the amount, if any, of Recapture Tax liability you may have.
13. No Other Certificate. (I/We) have not previously been the applicant(s) on a CalHFA MCC Tax Credit application rejected by another lender.
14. Lender. (I/We) have not been required to seek financing of the residence through any particular lender in order to qualify for the MCC Tax Credit Program. Further, no person related to (me/us) has, and does not expect to have, an interest as a creditor in the mortgage loan financing.



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

15. Transfer or Assumption. (I/We) will immediately notify Issuer of MCC and lender in the event of sale or transfer of the residence. (I/We) further understand in the event that I sell the residence at any time and desire to have my MCC transferred pursuant to the transfer provisions of the program that the person assuming my first mortgage loan must demonstrate that he or she has assumed the liability for the remaining balance of the loan, and must qualify as a new CalHFA MCC applicant.
16. Citizenship. (I/We) certify that (I/we) are citizens or other nationals of the United States or a qualified alien as defined in the Citizenship and Lien Verification regulations of the California Housing Finance Agency set forth in Title 25 of the California Code of Regulations, Division Z, Chapter 3 (Sections 12001, *et. seq.*) which implement federal legislations know as Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L No. 104-193, 8 U.S.C. Sections 1601, *et. seq.*).
17. Program Information. (I/We) have been furnished a copy of the MCC Information Guide and (am/are) familiar with and understand the provisions of the Program.
18. Social Security Numbers. (I/We) certify that (my/our) Social Security Numbers are:  
Social Security Numbers must be hand written by borrower or lender

\_\_\_\_\_  
Name of Applicant #1      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #2      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #3      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #4      Social Security Number \_\_\_\_\_

19. Purpose. The above information is being submitted for the purposes of establishing eligibility for the California Housing Finance Agency's MCC Tax Credit program. Because the lender has explained the Program to me, I am familiar with and understand the provisions of the Program. (I/We) agree to submit such other evidence of income as may be reasonably required by the lender including, but not limited to, pay stubs and copies of federal income tax returns.

20. Ethnicity/Race

The following information is requested by the Federal Government for certain types of transactions related to a dwelling in order to monitor the Agency's compliance with fair housing laws. You are not required to furnish this information, but are encouraged to do so. The law provides that an Agency may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, the Agency will note race and sex on the basis of visual observation or surname. If you do not wish to furnish this information, please check the box below.



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

15. Transfer or Assumption. (I/We) will immediately notify Issuer of MCC and lender in the event of sale or transfer of the residence. (I/We) further understand in the event that I sell the residence at any time and desire to have my MCC transferred pursuant to the transfer provisions of the program that the person assuming my first mortgage loan must demonstrate that he or she has assumed the liability for the remaining balance of the loan, and must qualify as a new CalHFA MCC applicant.
16. Citizenship. (I/We) certify that (I/we) are citizens or other nationals of the United States or a qualified alien as defined in the Citizenship and Lien Verification regulations of the California Housing Finance Agency set forth in Title 25 of the California Code of Regulations, Division Z, Chapter 3 (Sections 12001, *et. seq.*) which implement federal legislations know as Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L No. 104-193, 8 U.S.C. Sections 1601, *et. seq.*).
17. Program Information. (I/We) have been furnished a copy of the MCC Information Guide and (am/are) familiar with and understand the provisions of the Program.
18. Social Security Numbers. (I/We) certify that (my/our) Social Security Numbers are:  
Social Security Numbers must be hand written by borrower or lender

\_\_\_\_\_  
Name of Applicant #1      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #2      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #3      Social Security Number \_\_\_\_\_

\_\_\_\_\_  
Name of Applicant #4      Social Security Number \_\_\_\_\_

19. Purpose. The above information is being submitted for the purposes of establishing eligibility for the California Housing Finance Agency's MCC Tax Credit program. Because the lender has explained the Program to me, I am familiar with and understand the provisions of the Program. (I/We) agree to submit such other evidence of income as may be reasonably required by the lender including, but not limited to, pay stubs and copies of federal income tax returns.

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The following information is requested by the Federal Government for certain types of transactions related to a dwelling in order to monitor the Agency's compliance with fair housing laws. You are not required to furnish this information, but are encouraged to do so. The law provides that an Agency may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, the Agency will note race and sex on the basis of visual observation or surname. If you do not wish to furnish this information, please check the box below.



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

Primary Applicant	Co-Applicant
<input type="checkbox"/> I do not wish to furnish this information	<input type="checkbox"/> I do not wish to furnish this information
Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female
Ethnicity <input type="checkbox"/> <input type="checkbox"/> Not Hispanic or Latino <input type="checkbox"/> Hispanic or Latino	Ethnicity <input type="checkbox"/> Not Hispanic or Latino <input type="checkbox"/> Hispanic or Latino
Race or National Origin <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian (specify) <input type="checkbox"/> Asian Indian <input type="checkbox"/> Bangladeshi <input type="checkbox"/> Cambodian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino <input type="checkbox"/> Hmong <input type="checkbox"/> Indonesian <input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Laotian <input type="checkbox"/> Malaysian <input type="checkbox"/> Pakistani <input type="checkbox"/> Taiwanese <input type="checkbox"/> Thai  <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian and Pacific Islander <input type="checkbox"/> Fijian <input type="checkbox"/> Guamanian <input type="checkbox"/> Hawaiian <input type="checkbox"/> Samoan <input type="checkbox"/> Tongan  <input type="checkbox"/> White <input type="checkbox"/> Other _____	Race or National Origin <input type="checkbox"/> American Indian or Alaskan Native <input type="checkbox"/> Asian (specify) <input type="checkbox"/> Asian Indian <input type="checkbox"/> Bangladeshi <input type="checkbox"/> Cambodian <input type="checkbox"/> Chinese <input type="checkbox"/> Filipino <input type="checkbox"/> Hmong <input type="checkbox"/> Indonesian <input type="checkbox"/> Japanese <input type="checkbox"/> Korean <input type="checkbox"/> Laotian <input type="checkbox"/> Malaysian <input type="checkbox"/> Pakistani <input type="checkbox"/> Taiwanese <input type="checkbox"/> Thai  <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian and Pacific Islander <input type="checkbox"/> Fijian <input type="checkbox"/> Guamanian <input type="checkbox"/> Hawaiian <input type="checkbox"/> Samoan <input type="checkbox"/> Tongan  <input type="checkbox"/> White <input type="checkbox"/> Other _____



## CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

(I/We) understand that if (I/we) have made any material misstatements in the forgoing representations or omitted any of the information requested, the office of the district attorney will be contacted for investigation regarding misrepresentation and fraud.

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Applicant

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name of Co-Applicant

\_\_\_\_\_  
Signature of Co-Applicant

### **CERTIFICATION OF THE LENDER**

Based upon reasonable investigation, the Lender has no reason to believe that either the applicant or the seller of the residence has made any negligent or fraudulent material statements in connection with the applicant's application for an MCC, and submits the completed information above as accurate and true to the best of the lender's knowledge. I certify that I have reviewed the CalHFA MCC Tax Credit Application and Borrower Affidavit for accuracy and completeness. I also certify that the financing attached to this MCC does not use any of the prohibited financing such as mortgages funded with a qualified mortgage bond or a qualified veteran's mortgage bond.

Date: \_\_\_\_\_

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Signature of Lender Representative

\_\_\_\_\_  
Title of Lender Representative



## CalHFA MCC Tax Credit CERTIFICATION OF NO INCOME

MCC Reservation # \_\_\_\_\_

All income must be verified for anyone receiving assistance. To comply with this requirement, please complete the information requested in the certification below and sign. This information will be held in strict confidence and used only for the purpose of establishing eligibility for the MCC Program.

I, \_\_\_\_\_, do hereby certify that I do NOT receive income from ANY source as of the date of document.

I understand sources of income include, but are not limited to, the following:

Employment by a Company or Individual	Retirement Funds
Unemployment Compensation	Alimony
Social Security Income	Income from Assets
Workers Compensation	Pensions
Child Support	General Assistance
Education Grants/Work Study	Disability
Self Employment	Union Benefits
Aid to Families with Dependent Children	Family Support
Annuities	

I certify that the foregoing is true, complete and correct. I consent to the making of any reasonable inquiries to verify the statements herein. I also understand that false statements or omissions are grounds for disqualification and/or prosecution under the full extent of the law.

This signature signifies that I receive NO INCOME from ANY SOURCE as of this date.

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature





## CalHFA MCC TAX CREDIT CLOSING PACKET CHECKLIST

The CalHFA MCC Tax Credit Closing Packet will not be processed, nor will a Mortgage Credit Certificate be issued for the Applicant, until all the items below are completed and received by California Housing Finance Agency, or the Program Administrator. All Closing Packets must be received within ten (10) days of loan closing.

Applicant Name(s) \_\_\_\_\_

MCC Reservation Number \_\_\_\_\_ Lender Name \_\_\_\_\_

Contact Name \_\_\_\_\_

Phone Number \_\_\_\_\_ Email/Fax \_\_\_\_\_

### SEND ONLY ITEMS LISTED BELOW (in order):

- \_\_\_\_\_ CalHFA MCC Tax Credit Seller Affidavit
- \_\_\_\_\_ CalHFA MCC Tax Credit Notice to Borrowers of Potential Recapture Tax
- \_\_\_\_\_ CalHFA MCC Tax Credit Borrower Affidavit
- \_\_\_\_\_ CalHFA Statement of Citizenship, Alienage, & Immigrations Status for State Public Benefits
- \_\_\_\_\_ CalHFA Lender Verification of Citizenship / Qualified Alien Status
- \_\_\_\_\_ CalHFA MCC Program Income Calculation Worksheet
- \_\_\_\_\_ CalHFA Summary of All Attached Income Calculation Worksheets
- \_\_\_\_\_ Certified copy of Fully Executed Purchase Contract w/addendums
- \_\_\_\_\_ Copy of Final HUD-1 Settlement Statement
- \_\_\_\_\_ Copy of Final 1003 Application for all borrowers
- \_\_\_\_\_ Copy of fully executed tax returns for each applicant covering three (3) most recent years
- \_\_\_\_\_ Copy of IRS Form 4506 with #5 blank
- \_\_\_\_\_ MCC Fee \$350, payable to eHousingPlus, (corporate/cashier's check), w/ MCC Reservation No. & Borrower Name.

### Additional Documents, if applicable:

- \_\_\_\_\_ Copy of DD214 or discharge papers showing honorably discharged if a Qualified Veteran (only required if veteran and non-first time homebuyer)
- \_\_\_\_\_ CalHFA MCC Tax Credit Certification of No Income (if applicable)
- \_\_\_\_\_ CalHFA Tax Return Affidavit (if applicable)

After compliance approval of all required items, the CalHFA MCC Tax Credit Certificate will be issued to the borrower via mail. A copy will also be provided to the Originating Lender.



## CalHFA MCC Tax Credit SELLER AFFIDAVIT

MCC Reservation # \_\_\_\_\_

To the Seller: The party purchasing your home is applying for a Mortgage Credit Certificate ("MCC"). The MCC is a federal tax credit. The IRS requires you (the Seller) to sign this document as verification that you and the buyer have agreed upon the sales price reflected below. The lender should have completed this affidavit prior to forwarding it to you. **Your cooperation in executing this completed document and returning it to the lender as quickly as possible is vital because the sale transaction cannot close before this executed affidavit is received.** Feel free to contact the lender with any questions.

I, \_\_\_\_\_ as the seller of a single family residence located at \_\_\_\_\_ understand that the buyer, \_\_\_\_\_, is applying for an MCC from the California Housing Finance Agency.

The acquisition cost of the residence as shown in the purchase contract is \$ \_\_\_\_\_.

Other than the amount shown above, neither the purchasers nor anyone on their behalf have made any payment to (me/us) or to any other person on (my/our) behalf, nor have they canceled any debt owed by (me/us) or by any person related to (me/us).

(I/We) have not entered into any agreement with the purchasers of the residence pursuant to which any portion of the residence has been left unfinished or any fixtures or other architectural appointments have been omitted or removed from the residence in order to reduce the acquisition cost, and the residence as sold to the purchasers is substantially complete and contains all appropriate fixtures and other architectural appointments.

The purchasers are not required to pay more than a pro rata share of assessments.

The residence is reasonably suitable for occupancy by not more than one family.

Outside of the funds tendered for the escrow, I have received no money from the buyer. Further, outside of the contract for the sale of the property, the buyer and I have entered into no contract or agreement regarding the disposition of this property.

I acknowledge that any material misstatement negligently or fraudulently made by me in connection with the MCC application is a federal violation punishable by a fine and revocation of the MCC, in addition to any criminal penalty imposed by law.

☐ Please check here if the single family residence is a real estate owned (REO) property.  
Seller signature is not required for REO properties.

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Seller

\_\_\_\_\_  
Printed Name of Seller

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of Seller

When executed, seller should promptly return this document to the lender



**LENDER VERIFICATION OF  
CITIZENSHIP/QUALIFIED ALIEN STATUS**

The Lender, \_\_\_\_\_  
has received and examined the documents submitted by each of the  
applicants \_\_\_\_\_ and  
\_\_\_\_\_ for the purposes of  
supporting their declared status as either a United States citizen or national  
or qualified alien and found them to be reasonable evidence of each  
applicant's declared status.

\_\_\_\_\_  
(Signature of Authorized Representative)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Type or print Name and Title of Authorized Representative

\_\_\_\_\_  
(Phone)



## STATEMENT OF CITIZENSHIP, ALIENAGE, AND IMMIGRATION STATUS FOR STATE PUBLIC BENEFITS

Print Name of Applicant (the applicant is the person who wants to receive a California Housing Finance Agency (CalHFA) Single Family Lending Program loan or to occupy a Multifamily Program unit):	Date:
Print Name of Person Acting for Applicant, if any:	*Relationship to Applicant

### STATE PUBLIC BENEFITS TO CITIZENS AND ALIENS

Citizens and other nationals of the United States who meet all eligibility requirements may receive a CalHFA Single Family Lending Program loan or occupancy of a Multifamily Program unit and must complete Sections A and D of this form.

Aliens who meet all eligibility requirements may receive a CalHFA Single Family Lending Program loan or occupancy of a Multifamily Program unit and must complete Sections B, C (if applicable) and D of this form.

### SECTION A: CITIZENSHIP STATUS DECLARATION

1. Is the applicant a citizen or other national of the United States? Yes ☐
2. To establish citizenship or nationality, please submit one of the documents on **List A** (attached hereto) which is legible and unaltered to establish proof.

**IF YOU ARE A CITIZEN OR OTHER NATIONAL OF THE UNITED STATES, GO DIRECTLY TO SECTION D. IF YOU ARE AN ALIEN, PLEASE COMPLETE SECTION B, IF NECESSARY SECTION C, AND SECTION D.**

### SECTION B: ALIEN STATUS DECLARATION

**IMPORTANT:** Please indicate the applicant's alien status below, and submit original and unexpired documents evidencing such status. The alien status documents listed for each category are the most commonly used documents that the United States Immigration and Naturalization Service (INS) provides to aliens in those categories. The applicant can provide other acceptable evidence of his or her alien status even if not listed below.

1. An alien lawfully admitted for permanent residence under the Immigration and Naturalization Act (INA). Evidence includes: ☐
  - INS Form I-551 (Alien Registration Receipt Card, commonly known as a "green card"); or
  - Unexpired Temporary I-551 stamp in foreign passport or on INS form I-94.
2. An alien who is granted asylum under Section 208 of the INA. Evidence includes: ☐

- INS Form I-94 annotated with stamp showing grant of asylum under section 208 of the INA;
  - INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(5)”;
  - INS Form I-766 (Employment Authorization Document) annotated “A5”;
  - Grant Letter from the Asylum Office of INS; or
  - Order of an immigration judge granting asylum.
3. A refugee admitted to the United States under Section 207 of the INA. Evidence includes: ☐
- INS Form I-94 annotated with stamp showing admission under Section 207 of the INA;
  - INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(3)”;
  - INS Form I-766 (Employment Authorization Document) annotated “A3”;
  - INS Form I-571 (Refugee Travel Document).
4. An alien paroled into the United States under section 212(d)(5) of the INA for at least one year. Evidence includes: ☐
- INS Form I-94 with stamp showing admission under Section 212(d)(5) of the INA.
5. An alien whose deportation is being withheld under Section 243(h) of the INA (as in effect immediately prior to April 1, 1997) or whose removal is being withheld under section 241 (b)(3) of such act. Evidence includes: ☐
- INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(10)”;
  - INS Form I-766 (Employment Authorization Document) annotated “A-10”; or
  - Order from an immigration judge showing deportation withheld under Section 243(h) of the INA as in effect prior to April 1, 1997, or removal withheld under Section 241 (b)(3) of the INA.
6. An alien who is granted conditional entry under Section 203(a)(7) of the INA as in effect prior to April 1, 1980. Evidence includes: ☐
- INS Form I-94 with stamp showing admission under Section 203(a)(7) of the INA;
  - INS Form I-688B (Employment Authorization Card) annotated “274a.12(a)(3)”;
  - INS Form I-766 (Employment Authorization Document) annotated “A-3”.
7. An alien who is a Cuban or Haitian immigrant (as defined in Section 501 (e) of the Refugee Education Assistance Act of 1980). Evidence includes: ☐
- INS Form I-551 (Alien Registration Receipt Card, commonly known as a “green card”) with the code CU6, CU7 or CH6; or
  - Unexpired temporary I-551 stamp in foreign passport or on INS Form I-94 with the code CU6 or CU7; or
  - INS Form I-94 with stamp showing parole as “Cuban/Haitian Entrant” under Section 212(d)(5) of the INA.
8. An alien not in categories 1 through 7 who has been admitted to the United States for a limited period of time (a non-immigrant). Non-immigrants are ☐

persons who have temporary status for a specific purpose. (Evidence includes INS Form I-94 showing this status.)

9. An alien who has been battered or subjected to extreme cruelty pursuant to 8 U.S.C. 1641(c). ☐

## SECTION C: DECLARATION FOR BATTERED ALIENS

**IMPORTANT:** Complete this section and provide supporting documentation if either of the following applies:

- (1) the applicant is an alien who has been battered or subjected to extreme cruelty in the United States by a spouse or a parent who is a citizen or lawful permanent resident of the United States (or by a member of the spouse or parent's family residing in the same household and the parent or spouse has acquiesced to such battery or cruelty); or ☐

- (2) the applicant is an alien whose child has been battered or subjected to extreme cruelty in the United States by a spouse or parent of the alien who is a citizen or lawful permanent resident of the United States (or by a member of the spouse's or parent's family residing in the same household and the parent or spouse has acquiesced to such battery or cruelty) and the alien did not participate in such battery or cruelty; or ☐

- (3) the applicant is an alien child who resides in the same household as a parent who has been battered or subjected to extreme cruelty in the United States by that parent's spouse (or by a member of the spouse's family residing in the same household as the parent and the spouse or parent consented or acquiesced to such battery or cruelty) who is a citizen or lawful permanent resident of the United States and the alien child did not actively participate in such battery or cruelty. ☐

1. Check if the INS has approved a petition or application (INS Form I-130 or I-360) filed by or on behalf of the applicant under the INA or found that a pending petition sets forth a prima facie case. Evidence includes one of the documents on **List B** (attached hereto). ☐
2. Check if the Executive Office for Immigration Review ("EOIR") has or is considering suspension of deportation under Section 244(a)(3) or cancellation of removal under Section 240A(b)(2) of the INA. ☐

## SECTION D:

**I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ANSWERS I HAVE GIVEN ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE. ALSO, BY SIGNING THIS DECLARATION I HEREBY AGREE THAT THE CALIFORNIA HOUSING FINANCE AGENCY MAY, DIRECTLY OR THROUGH ITS CONTRACTORS, AGENTS, GRANTEES OR DESIGNEES, TAKE SUCH ACTIONS AS IT DEEMS NECESSARY TO VERIFY THE ACCURACY OF THESE STATEMENTS, AND THAT ANY PERSON OR ENTITY CONTACTED BY CalHFA, ITS CONTRACTORS, AGENTS, GRANTEES OR DESIGNEES, IN THE COURSE OF SUCH VERIFICATION, INCLUDING BUT NOT LIMITED TO THE INS, MAY RELEASE SUCH PERTINENT INFORMATION TO CalHFA AND/OR ITS CONTRACTORS, AGENTS, GRANTEES OR DESIGNEES.**

**WARNING: SERIOUS LEGAL CONSEQUENCES, INCLUDING CRIMINAL AND CIVIL OR BOTH, MAY RESULT FROM A FALSE DECLARATION! FOR EXAMPLE, SECTION 1015(e) OF TITLE 18 OF THE UNITED STATES CODE PUNISHES AS A FELONY ANY KNOWING FALSE STATEMENT THAT ONE IS A CITIZEN OR OTHER NATIONAL OF THE UNITED STATES WITH THE INTENT TO OBTAIN ANY FEDERAL OR STATE BENEFIT OR SERVICE.**

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*Signature of Person  
Acting for Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

\*If and only if the applicant is an unemancipated minor (under 18 years of age) or an adult who is not competent to or has a disability which renders him/her unable to understand or execute this Form 1, then the Form 1 shall be executed by a parent, legal guardian, or other person legally qualified to act on behalf of the applicant.



## **LIST A (This only pertains to applicants who are citizens or other Nationals of the United States)**

A person who is a citizen or other national of the United States.

### **A. Primary Evidence**

- A birth certificate showing birth in one of the 50 States, the District of Columbia, Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, Swain's Island or the Northern Mariana Islands, unless the person was born to foreign diplomats residing in the U.S.

Note: If the document shows that the individual was born in Puerto Rico, the U.S. Virgin Islands or the Northern Mariana Islands before these areas became part of the U.S., the individual may be a collectively naturalized citizen – see Paragraph C below.

- United States passport (except limited passports, which are issued for periods of less than five years);
- Report of birth abroad of a U.S. citizen (FS-240) (issued by the Department of State to U.S. citizens);
- Certificate of Birth (FS-545) (issued by a foreign service post) or Certification of Report of Birth (DS-1350) (issued by the Department of State), copies of which are available from the Department of State;
- Certificate of Naturalization (N-550 or N-570) (issued by the INS through a Federal or State court, or through administrative naturalization after December 1990 to individuals who are individually naturalized: the N-570 is a replacement certificate issued when the N-550 has been lost or mutilated or the individual's name has been changed);
- Certificate of Citizenship (N-560 or N-561) (issued by the INS to individuals who derive U.S. citizenship through a parent: the N-561 is a replacement certificate issued when the N-560 has been lost or mutilated or the individual's name has been changed);
- United States Citizen Identification Card (I-197) (issued by the INS until April 7, 1983 to U.S. citizens living near the Canadian or Mexican border who needed it for frequent border crossings) (formerly Form I-179, last issued in February 1974);
- Northern Mariana Identification Card (issued by the INS to a collectively naturalized citizen of the U.S. who was born in the Northern Mariana Islands before November 3, 1986);
- Statement provided by a U.S. consular officer certifying that the individual is a U.S. citizen (this is given to an individual born outside the U.S. who derives citizenship through a parent but does not have an FS-240, FS-545 or DS-1350); or
- American Indian Card with a classification code "KIC" and a statement on the back (identifying U.S. citizen members of the Texas Band of Kickapoos living near the U.S./Mexican border).

### **B. Secondary Evidence**

If the applicant cannot present one of the documents listed in A above, the following may be relied upon to establish U.S. citizenship or nationality:

- Religious record recorded in one of the one of the 50 States, the District of Columbia, Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, Swain's Island or the Northern Mariana Islands (unless the person was born to foreign diplomats residing

in such a jurisdiction) within three months after birth showing that the birth occurred in such jurisdiction and the date of birth or the individual's age at the time the record was made;

- Evidence of civil service employment by the U.S. government before June 1, 1976;
- Early school records (preferably from the first school) showing the date of admission to the school, the child's date and place of birth, and the name(s) and place(s) of birth of the parent(s);
- Census record showing name, U.S. citizenship or a U.S. place of birth, and date of birth or age of applicant;
- Adoption Finalization Papers showing the child's name and place of birth in one of the 50 States, the District of Columbia, Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, Swain's Island or the Northern Mariana Islands (unless the person was born to foreign diplomats residing in such a jurisdiction) or, where adoption is not finalized and the State or other jurisdiction listed above in which the child was born will not release a birth certificate prior to final adoption, a statement from a state-approved adoption agency showing the child's name and place of birth in one of such jurisdictions (NOTE: the source of the information must be an original birth certificate and must be indicated in the statement); or
- Any other document that establishes a U.S. place of birth or in some other way indicates U.S. citizenship (e.g., a contemporaneous hospital record of birth in that hospital in one of the 50 States, the District of Columbia, Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands (on or after January 17, 1917), American Samoa, Swain's Island or the Northern Mariana Islands (unless the person was born to foreign diplomats residing in such a jurisdiction)).

### **C. Collective Naturalization**

If the applicant cannot present one of the documents listed in A or B above, the following will establish U.S. citizenship for collectively naturalized individuals:

#### **Puerto Rico:**

- Evidence of birth in Puerto Rico on or after April 11, 1899 and the applicant's statement that he or she was residing in the U.S., a U.S. possession or Puerto Rico on January 13, 1941; or
- Evidence that the applicant was a Puerto Rican citizen and the applicant's statement that he or she was residing in Puerto Rico on March 1, 1917 and that he or she did not take an oath of allegiance to Spain.

#### **U.S. Virgin Islands:**

- Evidence of birth in the U.S. Virgin Islands, and the applicant's statement of residence in the U.S., a U.S. possession or the U.S. Virgin Islands on February 25, 1927;
- The applicant's statement indicating resident in the U.S. Virgin Islands as a Danish citizen on January 17, 1917 and residence in the U.S., a U.S. possession or the U.S. Virgin Islands on February 25, 1927, and that he or she did not make a declaration to maintain Danish citizenship; or
- Evidence of birth in the U.S. Virgin Islands and the applicant's statement indicating residence in the U.S., a U.S. possession or territory or the Canal Zone on June 28, 1932.

Northern Mariana Islands (NMI) (formerly part of the Trust Territory of the Pacific Islands (TTPI)):

- Evidence of birth in the NMI, TTPI citizenship and residence in the NMI, the U.S., or a U.S. territory or possession on November 3, 1986 (NMI local time) and the applicant's statement that he or she did not owe allegiance to a foreign state on November 4, 1986 (NMI local time);
- Evidence of TTPI citizenship, continuous residence in the NMI since before November 3, 1981 (NMI local time), voter registration prior to January 1, 1975 and the applicant's statement that he or she did not owe allegiance to a foreign state on November 4, 1986 (NMI local time); or
- Evidence of continuous domicile in the NMI since before January 1, 1974 and the applicant's statement that he or she did not owe allegiance to a foreign state on November 4, 1986 (NMI local time). Note: If a person entered the NMI as a non-immigrant and lived in the NMI since January 1, 1974, this does not constitute continuous domicile and the individual is not a U.S. citizen.

#### **D. Derivative Citizenship**

If the applicant cannot present one of the documents listed in A or B above, you should make a determination of derivative U.S. citizenship in the following situations:

Applicant born abroad to two U.S. citizen parents:

- Evidence of the U.S. citizenship of the parents and the relationship of the applicant to the parents, and evidence that at least one parent resided in the U.S. or an outlying possession prior to the applicant's birth.

Applicant born abroad to a U.S. citizen parent and a U.S. non-citizen national parent:

- Evidence that one parent is a U.S. citizen parent and that the other is a U.S. non-citizen national, evidence of the relationship of the applicant to the U.S. citizen parent, and evidence that the U.S. citizen parent resided in the U.S., a U.S. possession, American Samoa or Swain's Island for a period of at least one year prior to the applicant's birth.

Applicant born out of wedlock abroad to a U.S. citizen mother:

- Evidence of the U.S. citizenship of the mother, evidence of the relationship to the applicant and, for births on or before December 24, 1952, evidence that the mother resided in the U.S. prior to the applicant's birth or, for births after December 24, 1952, evidence that the mother had resided, prior to the child's birth, in the U.S. or a U.S. possession for a period of one year.

Applicant born in the Canal Zone or the Republic of Panama:

- A birth certificate showing birth in the Canal Zone on or after February 26, 1904 and before October 1, 1979 and evidence that one parent was a U.S. citizen at the time of the applicant's birth; or
- A birth certificate showing birth in the Republic of Panama on or after February 26, 1904 and before October 1, 1979 and evidence that at least one parent was a U.S. citizen and employed by the U.S. government or the Panama Railroad Company or its successor in title.

All other situations where an applicant claims to have a U.S. citizen parent and an alien parent, or claims to fall within one of the above categories but is unable to present the listed documentation:

- If the applicant is in the U.S., refer him or her to the local INS office for determination of U.S. citizenship.

- If the applicant is outside the U.S., refer him or her to the State Department for a U.S. citizenship determination.

#### **E. Adoption of Foreign-Born Child by U.S. Citizen**

- If the birth certificate shows a foreign place of birth and the applicant cannot be determined to be a naturalized citizen under any of the above criteria, obtain other evidence of U.S. citizenship.
- Since foreign-born adopted children do not automatically acquire U.S. citizenship by virtue of adoption by U.S. citizens, refer the applicant to the local INS district office for a determination of U.S. citizenship if the applicant provides no evidence of U.S. citizenship.

#### **F. U.S. Citizenship by Marriage**

- A woman acquired U.S. citizenship through marriage to a U.S. citizen before September 22, 1922. Ask for: Evidence of U.S. citizenship of the husband, and evidence showing the marriage occurred before September 22, 1922.

Note: If the husband was an alien at the time of the marriage, and became naturalized before September 22, 1922, the wife also acquired naturalized citizenship. If the marriage terminated, the wife maintained her U.S. citizenship if she was residing in the U.S. at that time and continued to reside in the U.S.

## **LIST B (This only pertains to applicants who qualify under the “battered alien” provisions of Section C)**

\*Benefit providers may refer battered immigrants to the National Domestic Violence Hotline for help with matters relating to this immigration status. That number is 1(800) 799-7233.

### **A. Documentation Evidencing an Approved Petition or Application**

- INS Form I-551 (“Resident Alien Card” or “Alien Registration Receipt Card”, commonly known as a “green card”) with one of the following INS class of admission (“COA”) codes printed on the front of a white card or the back of a pink card: AR1, AR6, C20 through C29, CF1, CF2, CR1, CR2, CR6, CR7, CX1 through CX3, CX6 through CX8, F20 through F29, FX1 through FX3, FX6 through FX8, IF1, IF2, IR1 through IR4, IR6 through IR9, IW1, IW2, IW6, IW7, MR6, MR7, P21 through P23, or P26 through P28.

If an alien claiming approved status presents a code different than those enumerated, or if you cannot determine the class of admission from the I-551 stamp, you should file INS Form G-845, and the G-845 Supplement (mark item six on the Supplement) (attached hereto) along with a copy of the document(s) presented, with the local INS office in order to determine whether the applicant gained his or her status because he or she was the spouse, widow, or child of a U.S. citizen or the spouse, child, or unmarried son or daughter of a lawful permanent resident.

- INS form I-551 with one of the following COA codes stamped on the lower left side of the back of a pink card: IB1 through IB3, IB6 through IB8, B11, B12, B16, B17, B20 through B29, B31 through B33, B36 through B38, BX1 through BX3, or BX6 through BX8.
- INS Form I-551 with COA code Z13.
- Unexpired Temporary I-551 stamp in foreign passport or on INS Form I-94 with one of the COA codes specified in the Subsections (1)-(3), above.
- INS Form I-797 indicating approval of an INS I-130 petition (only I-130 petitions describing the following relationships may be accepted: husbands or wives of U.S. citizens or LPRs, unmarried children under 21 years old of U.S. citizens or LPRs, or unmarried children 21 or older of LPRs), or approval of an I-360 petition (only I-360 approvals based on status as a widow /widower of a U.S. citizen or as a self-petitioning spouse or child of an abusive U.S. citizen or LPR may be accepted).
- A final order of an Immigration Judge or the Board of Immigration Appeals granting a suspension of deportation under Section 244 (a)(3) of the INA as in effect prior to April 1, 1997, or cancellation of removal under Section 240A (b)(2) of the INA.

### **B. Documentation Demonstrating that the Applicant has Established a Prima Facie Case**

- INS Form I-797 indicating that the applicant has established a prima facie case; or
- An immigration court or Board of Immigration Appeals order indicating that the applicant has established a prima facie case for suspension of deportation under INA Section 244 (a)(3) as in effect prior to April 1, 1997, or cancellation of removal under Section 240A (b)(2) of the INA.

**C. Documentation Indicating that the Applicant has Filed a Petition or that a Petition has been Filed on the Applicant's Behalf, as Applicable, but with no Evidence of Approval of the Petition or Establishment of a Prima Facie Case.**

The benefit provider shall determine from the documentation when the petition was filed and take the actions set forth below:

- Applicants with petitions filed before June 7, 1997 should have an INS Form I-797 indication filing of the I-360 petition by "self-petitioning spouse [or child] of abusive U.S.C. or LPR", a file-stamped copy of the petition, or another document demonstrating filing (including a cash register or computer-generated receipt indicating filing of Form I-360).
- Applicants with petitions filed after June 7, 1997 should have an INS Form I-797 indicating filing of the I-360 petition.

**D. Documentation Indicating that the Applicant has Filed a Petition or that a Petition was Filed on His or Her Behalf, as Applicable.**

The following must indicate that the applicant is the widow/widower of a U.S. citizen, the husband or wife of a U.S. citizen or LPR, the unmarried child under age 21 of a U.S. citizen or LPR, or the unmarried child age 21 or older of an LPR:

- For aliens on whose behalf a petition has been filed: INS Form I-797 indicating filing of an INS-130 petition, a file-stamped copy of the petition, or another document demonstrating filing (including a cash register or computer-generated receipt indicating filing of Form I-130).
- For self-petitioning widows or widowers: a file-stamped copy of the INS I-360 petition, or another document demonstrating filing (including a cash register or computer-generated receipt indicating filing of Form I-360).

**E. Documentation Indicating that the INS has Initiated Deportation or Removal Proceedings in which Relief may be Available, such as:**

- an "Order to Show Cause";
- a "Notice to Appear"; or
- a "Notice of Hearing in Deportation Proceedings".

**F. Minimal or No Documentation Regarding the Claimed Filing.**

If the applicant has some documentation, but it is insufficient to demonstrate filing, establishment of prima facie case or approval of a petition, you should fax the INS Request Form on your agency letterhead, as well as a copy of any document(s) provided by the applicant, to the INS Vermont Service Center in order to determine the applicant's status. If the applicant has no documentation, but is certain that a petition has been filed by his or her spouse or parent, you should fax the INS Request Form to the INS Vermont Service Center.



**CalHFA MCC Tax Credit  
TAX RETURN AFFIDAVIT**

I, \_\_\_\_\_, and I, \_\_\_\_\_, as applicants for a home mortgage loan originated by: \_\_\_\_\_, pursuant to the Mortgage Credit Certificate (MCC) Program of the California Housing Finance Agency, do hereby represent and warrant that (I/we) were not required to file a federal income tax return for the calendar year(s) \_\_\_\_\_ in accordance with section 6012 of the Internal Revenue Code.

In lieu of tax returns, the lender must provide a verification of rents for the calendar year(s) referenced above

(I/We) declare under penalty of perjury that the foregoing is true and correct. Executed on the date or dates shown below.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Borrower



## CalHFA MCC Program Income Calculation Worksheet

Please complete separate worksheet for each person not using CHDAP who will be liable on the mortgage, be vested on title and live in the residence being financed

Name of person for whom income is calculated \_\_\_\_\_

If not primary borrower, name of primary borrower \_\_\_\_\_

Date income calculated \_\_\_\_\_

Income Type	Monthly Amount
<b>Gross Pay</b> <b>Base monthly income</b> as per current VOE (no more than 60 days old at time of submission and <b>attached</b> ) and most current paystub(s) covering a 30 day period (no more than 60 days old at time of submission and <b>attached</b> ) <b>Lender Notes:</b>	\$ \$
<b>Other monthly income</b> that may include, but is not limited to 1. <b>Overtime and inconsistent income; bonus and commission income, part-time employment;</b> Year to date total income less base as per current <b>VOE</b> (attached) and most current paystub (within 30 days) (attached) - 2. <b>Income from dividends, interest, Annuities:</b> Use current earnings statements (attached) 3. <b>Pension and social security benefits; unemployment compensation; disability, worker's compensation, Veteran's Administration (VA compensation);</b> Use the benefits statement 4. <b>Spousal support and child support;</b> Use the monthly amount appearing in the divorce decree, separation agreement or other support document; if borrower receives more or less see Pages 6-9 Admin Guide 5. <b>Human Assistance/Service, Welfare payments (Attach documentation)</b> 6. <b>Gross rental income</b> (Attach documentation) 7. <b>Deferred income</b> (Attach documentation) 8. <b>Attach documentation for all Business and investment income</b> from all non-taxable and taxable sources 9. <b>Active Duty Military Housing Allowance</b> (Attach documentation) 10. <b>All other regularly occurring additional income</b> including but not limited to earnings (Attach documentation) <b>Lender Notes:</b>	1. \$ 2. \$ 3. \$ 4. \$ 5. \$ 6. \$ 7. \$ 8. \$ 9. \$ 10. \$ 11. \$
<b>Add all amounts in <i>Monthly Amount</i> Column for All Other Monthly Income</b>	\$
<b>Lender Notes:</b>	
<b>Total Monthly Income</b>	\$
<b>Total Annual Income (Monthly Income x12)</b>	\$

Note: 2106 business expenses cannot be deducted from gross wages for tax compliance purposes

For additional assistance, please direct Income questions to Compliance office – [services@ehousingplus.com](mailto:services@ehousingplus.com)  
If directed to do so, attach email advice from Compliance.

Transfer Information to the Worksheet Summary. Have borrower(s) sign Summary Sheet at closing. This serves as borrowers acknowledgment that the income shown has not changed since submitted.

## CalHFA Summary of All Attached Income Calculation Worksheets

**MCC Number** \_\_\_\_\_  
**Primary Borrower Name** \_\_\_\_\_  
**Property Address** \_\_\_\_\_  
**City** \_\_\_\_\_ **County** \_\_\_\_\_  
**ZIP Code + 4** \_\_\_\_\_

List information from individual Income Calculation Worksheet(s). If there is only one, please enter information; borrower must sign at closing.

<b>Income Recipient Name</b>	<b>Total Annual Income of each Household member from Income calculation worksheet</b>
Primary Borrower	\$
Additional Borrower	\$
Additional Borrower	\$
<b>Total Annual Income</b>	

### Household Income Closing Affidavit

As of closing on \_\_\_\_\_ (date), information is correct as above or changes are:

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_

Borrower \_\_\_\_\_